Austria ... Sch 15	Indonesia .. Rp 2500	Portugal ... Esc 65
Bahrain .. Din 0 650	Italy ..... L 1100	S. Arabia .. Rls 6 00
Belgium ... BFr 35	Japan Y550	Singapore . S$ 4 10
Canada ... C$2 00	Jordan ... Fils 500	Spain ..... Pta 95
Cyprus .. Mils 600	Kuwait ... Fils 500	Sri Lanka ... Rup 30
Denmark .. Dkr 7 00	Lebanon .. £L 6 00	Sweden .. Skr 6 50
Egypt .... E£1 00	Luxembourg . LFr 35	Switzerland . SwFr 2
Finland .. Fmk 5 50	Malaysia .. Rm 4 25	Taiwan ... NT $35
France .. FFr 5 50	Mexico .. Pes 300	Tunisia .. Din 0 500
Germany . DM 2.00	Morocco .. Dh 6.00	Turkey .... L 160
Greece ..... Dr 60	Netherlands . Fl 2.25	U.A.E. ... Dh 6 50
Hong Kong . HK$ 12	Norway .. Nkr 6 00	U.S.A. $1.60
India .... Rup 15	Philippines . Pes 20	

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,208 — Friday December 30 1983 — D 8523 B

Why the Soviet Union is haunted by spectres, Page 6

NEWS SUMMARY

GENERAL

S. Africa push into Angola deepens

South African aircraft have attacked a Swapo regional headquarters 300 km inside Angola and knocked out anti-aircraft missile sites over wide areas of southern Angola, South Africa's defence force chief General Constand Viljoen said yesterday.

He expected his troops to withdraw in the next week or so. The purpose of the incursion, which began on December 6, was to prevent a large-scale Swapo infiltration into northern Namibia early next year, he said. Page 8

Twenty-six hostages, including 12 children and six missionaries, freed by the Angolan guerrilla group Unita under a Christmas amnesty, arrived in South Africa.

Jordanian shot dead

A Jordanian embassy official was shot dead and another wounded by an Arab shortly after leaving the Madrid embassy by car, police said.

Visit to Israel

Egypt's assistant foreign minister Shafi Abdel-Hamid met Israeli Prime Minister Yitzhak Shamir for talks during the first visit to Israel by a senior Egyptian official for more than a year. Page 2

Sidon protest

Shops in Sidon, southern Lebanon, were closed in protest at arrests made by Israeli occupation forces.

Flick suit by SPD

West Germany's opposition Social Democratic Party (SPD) filed a suit against the Government seeking access to files on the Flick bribery scandal.

S-Bahn handover

East Germany initialled an agreement to hand over to West Berlin operation of the western part of the city's S-Bahn rail systems, which it has controlled since the 1950s.

Kidnap suspect

Heineken kidnap suspect Frans Meijer, 30, was being questioned after giving himself up at Amsterdam police headquarters.

Gas tank 'dropped'

A propane gas tank dropped from a truck by warehouse workers probably caused Tuesday's explosion that killed six people in Buffalo, New York, firemen said.

Deaths halt voting

Voting was suspended in seven Bangladeshi rural election centres after three people died in clashes between supporters of rival candidates.

Beach Boy dies

Beach Boys pop group member Dennis Wilson, 39, drowned while swimming in the sea off Los Angeles.

Caroline marries

Princess Caroline of Monaco, 26, married Italian businessman Stefano Casiraghi, 23, in a civil ceremony in the Monte Carlo palace.

Pilot ruling

A Chicago court ruled that Eastern Air Lines must re-engage a former male pilot who had sex-change surgery.

The Financial Times will not be published on Monday. Tomorrow's edition will be published as usual from London. The Financial Times extends to its readers best wishes for the new year.

BUSINESS

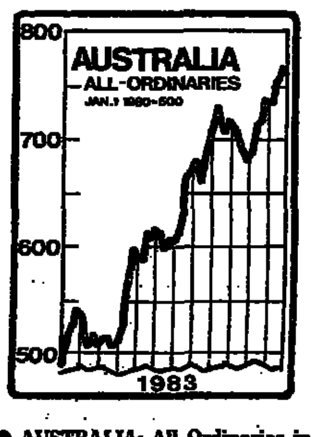
OECD warns on welfare spending

● BENEFITS will have to be cut in real terms if the seven leading industrial countries are to contain welfare spending at its present proportion, the Organisation for Economic Co-operation and Development says. Page 8. Editorial comment, Page 6

● DOLLAR fell to DM 2.728 (DM 2.7515), SwFr 2.18 (SwFr 2.1875), FFr 8.35 (FFr 8.42) and Y232.2 (Y233.3). Its Bank of England trade-weighted index was 129.5 (130.1). In New York it closed at DM 2,715, SwFr 2.177, Y231.85 and FFr 8.3. Page 21

● STERLING rose to $1.4485, up 1.35c from Wednesday's close in London, DM 3.955 (DM 3.95), SwFr 3.16 (SwFr 3.1425), FFr 12.09 (FFr 12.08) and Y336.5 (Y335). Its Bank of England trade weighting was 82.8 (82.5). In New York it closed at $1.453. Page 21

● GOLD rose $4.25 to $382.125 in London. In Frankfurt it closed $4.5 higher at $382.5 and in Zurich it added $4.25 to $382.25. In New York, the Comex close was $385.5. Page 20



● AUSTRALIA: All Ordinaries index closed 4.2 up at a record 769.9, buoyed by options being taken up and traditional end-of-year buying. Industrial stocks led the way. The Industrial Index passed the 1,000 mark, finishing at 1,002.9. Report, Page 14. Leading prices, other exchanges, Page 14

● TOKYO markets were closed for the new year holiday.

● WALL STREET: Dow Jones Industrial Average closed 3.05 down at 1,260.16. Report, Page 11. Full share prices, Pages 14–15.

● LONDON: FT Industrial Ordinary Index shed 3.1 to 772.5. Government securities eased, showing falls of ¾. Report, Page 15. FT Share Information Service, Pages 16–17.

● U.S. TREASURY and the Netherlands Antilles, a Caribbean tax haven, hope to agree a new tax treaty next month after failing to meet tomorrow's deadline.

● CONTAINER shipping rates rise by 12 per cent on January 1. Page 3

● TURKISH Prime Minister Turgut Ozal abolished most foreign exchange controls and raised import and other duties to help to finance a housing programme. Page 2

● SYNDICATED BANK lending dropped by more than a third to $64bn in 1983 compared with 1982, the Organisation for Economic Co-operation and Development said. Page 2

● ITALIAN petrol price rose by L105 to L1,300 ($0.77) a litre as part of government measures aimed at raising L2,000bn extra revenue. Page 2

● JAPANESE consumer spendinr revival is about to start, say economists in Tokyo. That might take economic growth near 5 per cent in 1984, compared with 3 per cent this year.

● U.S. EXPORTS to Arab countries were worth $13.6bn in the first 10 months, 10 per cent less than in the corresponding period last year, the Commerce Department said.

Nigeria to slash capital spending and imports bill

BY QUENTIN PEEL, AFRICA EDITOR, IN LONDON

President Shehu Shagari of Nigeria yesterday presented the toughest budget during his four years in power. He slashed capital spending by almost 30 per cent, and called for a reduction in imports of almost 40 per cent, in order to reduce the Government's huge budget deficit and restore equilibrium to the balance of payments.

The measures come on top of an existing austerity programme which has resulted in negative economic growth over the past year, rising unemployment in manufacturing industry, and an accelerating inflation rate.

They are intended to go a considerable way towards meeting the conditions of the International Monetary Fund (IMF) and the World Bank, both of which are involved in negotiations for loans to tide the country over its present economic crisis. However, President Shagari avoided any reference to devaluation of the naira, the major point of disagreement between his Government and the IMF.

The President's budget speech, delivered to the National Assembly in Lagos, sets out the broad macroeconomic targets of the Government in 1984, without spelling out specific policies.

Further measures to restrict imports to essential raw materials, machinery, spare parts and foodstuffs are likely to be announced in the near future, along with price increases for petrol and other state-subsidised goods and services, and tax changes to raise government revenues outside the oil industry.

The austerity measures have been forced on Nigeria because of the slump in its oil exports over the past three years from more than 2m barrels a day (b/d) to a current level of only 1.3m b/d. President Shagari warned that government finances were in a "critical state" because expenditure had continued to increase in spite of the drop in its oil revenues, resulting in ever-increasing budget deficits.

"Our country can simply not afford to continue along that path," he said. "It is clear that a structural readjustment of the economy is imperative."

The President announced a series of reforms intended to cut out waste and bureaucracy, reduce corruption and streamline the public sector. Subsidies to public corporations would be reduced. He also promised a simplification both of import licensing procedures, and of the strict guidelines governing bank loans to different sectors of the economy.

The most important change affecting exporters to Nigeria is the decentralisation of foreign exchange allocation – through the issue of so-called M forms – from the Central Bank of Nigeria to the commercial and merchant banks. Guidelines on how the system will work are to be issued within the next week by the central bank, according to senior officials.

President Shagari said that Nigeria's imports had already been cut from N11.3bn ($14.9bn) in 1982

Continued on Page 8

French industrial policy attacked by union leader

BY PAUL BETTS IN PARIS

M EDMOND MAIRE, leader of France's pro-Socialist CFDT trade union group, yesterday attacked the left-wing Government's industrial policies and its failure to consult the labour movement on key issues. He was especially critical of the Government's handling of the increasingly controversial Talbot affair.

After talks with M Laurent Fabius, the Industry Minister, M Maire said: "Talbot is the very example of what must not be done. One cannot impose bad decisions on salaried workers and the unions."

Although the closest of the big unions to the Socialist administration, the CFDT has become the most outspoken critic of government industrial policy and the most intransigent party in the dispute over the Peugeot group's proposals to reduce the workforce of its Peugeot and Talbot car divisions in France by 7,500 workers.

The CFDT, which has been losing ground to the pro-Communist and larger CGT labour confederation, has been especially angered by the recent compromise between Peugeot and the Government on the issue.

To secure government approval for its redundancy plan, the financially troubled private car group agreed to reduce the number of lay-offs at its large Talbot plant at Poissy, outside Paris, from 2,900 to 1,900 workers.

But the CFDT, and subsequently the CGT, have opposed the compromise, with the result that the Talbot plant, formerly owned by the U.S. Chrysler group, has been paralysed by a strike for the past three works.

Peugeot has now warned that it may be forced to shut down the Poissy plant, which employs 17,000 people and which could eventually lead to the bankruptcy of Talbot et Cie, Peugeot's French Talbot subsidiary, unless the unions agree to allow the factory to reopen next Monday.

While the affair has so far not had a serious impact on Talbot's operations in the UK and Spain, Peugeot appears to be increasingly worried that the strike could disrupt the operations in both countries.

Poissy provides spare parts to the Talbot factories of Coventry in England and of Villaverde in Spain. The effects of the protracted Poissy strike could disrupt the supply of spare parts to both plants early next month, car industry sources claimed in Paris yesterday.

They added this could possibly lead to the need to make lay-offs in the UK and Spain.

The situation at the Poissy plant remained very tense yesterday. The plant continued to be occupied by some 400 workers despite a court order on Tuesday outlawing the sit-in. So far, however, the company has decided not to call in police to evict the workers camped in one of the main assembly buildings.

The car group yesterday sent 500 workers into the plant to clean the factory to prepare it for the scheduled but increasingly doubtful reopening on Monday. But the cleaners had to turn back when the workers protesting inside refused to let them into the assembly building.

The cleaners are due to return to the plant this morning, although the CFDT union has said they would again be refused entry. For its part, the CGT union has opposed the picketing and has sought to persuade its members to avoid violence and disorders.

Both labour unions are trying to retain their influence among the predominantly North African immigrant labour force of the Poissy plant. Many immigrants, however, feel let down by the unions, further fuelling the tensions at the plant.

Continued on Page 8

Good year for Austin Rover, Page 4

Reinsurers raise premiums to cut underwriting losses

BY ERIC SHORT IN LONDON

LEADING reinsurance companies operating in the UK market are raising their premium rates in an effort to stem their rising underwriting losses over the past few years.

They are also imposing stiffer terms on each of their reinsurance treaties up for renewal and insisting that direct insurers should take a larger share of the risk.

The tougher terms apply from January 1 and particularly affect proportional business.

For serveral years, worldwide reinsurance markets have been "soft" in that the terms offered by reinsurers have been unrealistic and almost certain to result in underwriting losses: the premiums received would fail to cover the claims paid and expenses incurred.

More reinsurers had entered the market than the demand warranted, resulting in overcapacity. High interest rates, meanwhile, resulted in buoyant investment income which reinsurers used to offset underwriting losses.

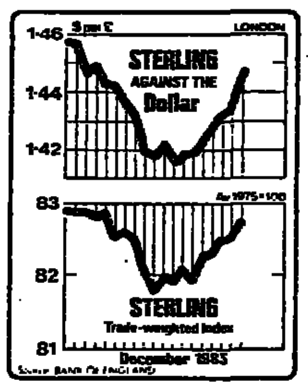
Although underwriting losses have mounted steadily, the major reinsurance companies have been reluctant to take the necessary corrective action, because they did not feel that it had a chance of success. The direct insurers would simply have gone elsewhere for their reinsurance.

Reinsurers now feel, however, that tougher terms can be achieved. Capacity is down by one-third as some reinsurers have pulled out of the market, and others have cut back their business. Interest rates are also lower.

Direct insurers are now getting concerned over the stability and solvency of some of the reinsurers on the market and are becoming wary of fringe operators and so are less likely to seek alternative arrangements.

The major reinsurers report that the loss of business as a result of their action is so far within the limits expected, though it will be some weeks before the position can be accurately assessed.

UK group buys into French life market, Page 8



Dollar declines in light trading

By Philip Stephens in London

SIGNS THAT the upward pressure on U.S. interest rates may be easing brought losses for the dollar against all the major currencies yesterday, pushing sterling to its highest level for three weeks.

With trading on the London markets running at about a quarter of its normal levels, foreign exchange dealers cautioned against seeing the fall as the start of any big reversal for the U.S. currency.

Meanwhile, in Zurich Dr Fritz Leutwiler, chairman of the Bank for International Settlements and the Swiss National Bank, said Switzerland and West Germany had managed to "uncouple" from the dollar and high U.S. interest rates with only a small rise in their inflation rates.

Uncoupling from dollar interest rates implies accepting a lower exchange rate – and its inflationary implications – rather than automatically raising interest rates to match U.S. levels to maintain a currency parity.

In an interview with two German and Swiss business magazines, Dr Leutwiler said uncoupling was possible "if we are prepared to take into account higher dollar exchange rates."

The BIS chairman said there would be no concerted international action against the U.S. currency: "We shall simply not oppose free market forces – and at present these happen to favour the dollar."

On foreign exchange markets, news of a 0.4 per cent drop in the index of U.S. leading indicators, the first fall in the index for 15 months, was interpreted as further evidence that pre-Christmas fears that the U.S. economy was overheating may have been misplaced.

Taken with the Commerce Department's earlier "flash" forecast of lower GDP growth in the fourth quarter than expected, the index pointed to stable, if not lower, interest rates, currency dealers said.

Money Markets, Page 21

Fall in U.S. index 'reflects stable growth'

BY STEWART FLEMING IN WASHINGTON

THE U.S. index of leading economic indicators slipped 0.4 per cent in November, the first decline for 15 months, the Commerce Department reported yesterday.

The fall was promptly interpreted as further evidence that the economy was easing back from the hectic expansion reported in the second and third quarters of this year, to what Reagan Administration officials hope will be a steadier growth rate in the approach to next year's election.

Mr Malcolm Baldrige, the Commerce Secretary, said after the announcement: "The pattern of growth in the leading index during recent months is an indication that the business expansion is settling down to a moderate and sustainable pace."

Last week the Commerce Department released its first "flash" estimate of fourth-quarter gross national product based on data relating to the first two months of the quarter.

This predicted a rise of real GNP of 4.5 per cent for the period, much lower than the 6–7 per cent rate which some top-administration officials had been expecting.

Even though many economists are suggesting that the figure may be revised upwards later, it has also been seen as a sign of some slowing from the 7.6 per cent real growth reported in the third quarter.

In spite of the evidence that the pace of the expansion may be slowing, the U.S. is continuing to suck in imports at a worrying rate. The Commerce Department also reported yesterday that the November trade deficit hit $7.4bn, down significantly from the record $9bn in October, but still the second highest deficit ever reported.

Imports hit $24.2bn, down 6.4 per cent from the October level, but exports fell 0.6 per cent to $16.8bn. The growing drag which the poor trade performance is having on the economy has been cited as one factor helping to account for the easing in economic growth.

The financial markets have been responding positively to the latest economic indicators, which have calmed fears that the Federal Reserve Board might have been about to respond to some evidence, especially in the consumer sector, that growth was proceeding too rapidly by tightening its monetary policy.

Instead the central bank is coming under subtle pressure, particularly from the Treasury, to ease monetary policy.

In a speech in San Francisco on Wednesday night, however, Mr

Continued on Page 8

Shamir coalition to meet over budget

BY DAVID LENNON IN TEL AVIV

THE ISRAELI Cabinet will meet in special session today to take up proposed budget cuts which are threatening to tear apart the three-month-old coalition headed by Prime Minister Yitzhak Shamir.

The problem facing Mr Shamir is that if he pushes through the budget cuts his Government may fall, but if they are not implemented, the economy will continue to deteriorate.

Mr Shamir last night called in his Herut party ministers to try to ensure that they will support the proposed cuts in public spending, which are being opposed by virtually all of his junior coalition partners. Mr Yigal Cohen-Orgad, the Finance Minister, is seeking the Cabinet's approval of a draft budget for 1984–85 to include an across-the-board 10 per cent cut in public spending.

The Minister believes budget cuts and controlled austerity are essential to rescue the economy from inflation approaching 200 per cent, a balance-of-payments deficit which has passed $5bn, and a foreign debt approaching $30bn.

Some of the proposed cuts have already raised a storm, especially the threat to freeze Jewish settlements on the occupied West Bank and to re-introduce high school fees.

The ruling coalition, which holds 64 of the 120 seats in the Knesset (parliament), is dominated by Mr Shamir's Likud bloc. But it depends for its majority on four smaller parties, each of which sees its constituency threatened by the spending cuts.

The Tami party opposes any fur-

Continued on Page 8

Israeli and Egyptian differences, Page 2

CONTENTS

OVERSEAS NEWS

CRAXI HOPES FOR L2,000bn NEW REVENUE

Petrol up in Italian austerity plan

BY ALAN FRIEDMAN IN ROME

THE ITALIAN Government yesterday introduced significant increases in the price of petrol and other petroleum products as part of a new package of austerity measures to raise L2,000bn (£837m) in additional revenues. The price rises, issued in the form of a Government decree and effective immediately, were decided by the Cabinet during a five-hour session which ended on Wednesday evening.

The price of a litre of premium petrol went up by L105 to L1,300, the second increase this year. This represents a jump of 30p in the price of a gallon of petrol, bringing the pump price to £2.45, among the most expensive in western Europe.

The price increases are part of a series of measures, including a tightening of agricultural taxes, whereby the Government of Prime Minister Bettino Craxi is using discretionary powers to find new sources of revenue. The petrol increase alone is expected to account for three-quarters of the L2,000bn of new revenues.

The package of measures, dubbed "phase two" of the Craxi Government's austerity policy, comes less than a week after Parliament approved a 1984 budget which envisages a public sector deficit of L95,000bn (£39.7bn), up from an earlier target of L90,000bn.

The Government hopes to introduce further measures early in the New Year to reduce the size of the deficit, which is presently running at nearly 17 per cent of Italy's gross domestic product. (The comparable ratio for the U.S. deficit is around five per cent of GDP).

Prime Minister Craxi, since taking office last August, has been battling to introduce new taxes and spending cuts, with only modest success. He introduced by decree an amnesty on illegal housing construction, designed to raise L9,000bn from special fines, but this was voted down by Parliament. The measure has been re-introduced in the form of legislation, but so far has not been discussed.

Sig Giovanni Goria, the Treasury Minister, and other members of the Government have warned that unless new spending cuts are implemented, the 1984 Italian public sector deficit will rise to more than L100,000bn. The Government is hoping to introduce measures next month which would shave L10,000bn off the deficit, but its chances of succeeding are by no means assured.

GM plans to rehire 10,000

BY WILLIAM HALL IN NEW YORK

GENERAL MOTORS, the world's biggest car maker, is planning to rehire another 10,000 workers over the next few months as it prepares for its best year ever in terms of production in 1984.

General Motor's sales of passenger cars this year are up 14.9 per cent and truck sales up 18.6 per cent. The company says by the year end its dealers will have delivered more than 4m cars and 1.25m trucks—GM's highest production since 1979.

In the current quarter, the giant car and truck company says that its sales are running more than a fifth up on the comparable quarter of 1982.

General Motor's car sales peaked in 1978 at more than 5m, but over the next four years fell steadily. Car sales have recovered strongly in 1983 on the back of the U.S. economic recovery and the group is now forecasting an improvement of 16 per cent in industry sales in 1984. Mr Robert Lund, vice president in charge of General Motors' marketing, says his company expects its sales to grow faster than the industry average in 1984.

Since the industry began to recover, General Motors has recalled nearly a quarter of its U.S. workforce. By the spring it expects to have rehired 90,000 workers who had been laid off at the depth of the recession. The group employs around 350,000

Thayer faces fresh inquiry

BY STEWART FLEMING IN WASHINGTON

THE U.S. Justice Department has launched an investigation into allegations that Mr Paul Thayer, the Deputy Defence Secretary, passed inside information to acquaintances when he was chairman of LTV Corporation, a large diversified steel and aerospace concern, in 1982, officials confirmed yesterday.

The move follows a lengthy civil investigation of Mr Thayer by the Securities and Exchange Commission (SEC) which is expected to result in SEC accusations that the second-ranking official in the Defence Department illegally passed on price-sensitive information to friends.

The SEC investigation of Mr Thayer first surfaced in October. Then, Mr Thayer, who is not suspected of having himself been doing any of the trading, issued a statement saying that when the investigation was concluded, he was confident it would be established he had not done anything to violate the securities laws.

The broadening of the investigation to include the Justice Department, is unusual, for normally the SEC settles cases involving insider trading allegations itself, often after reaching agreements with the targets of inquiries who settle with the agency without either admitting or denying guilt.

It was unclear yesterday why the SEC had brought the Justice Department into the case, which could evolve into a serious political embarrassment for the Reagan Administration and weaken Mr Thayer's position in the Defence Department.

Before joining the Administration earlier this year, Mr Thayer, as well as being chairman of LTV, was a board member at Allied Corporation, an oil, gas and chemicals concern, and at Anheuser-Busch, the largest U.S. brewery concern.

Rig activity up in U.S. and N. Sea

By Ian Hargreaves

OIL EXPLORATION and development has ended 1983 on a strongly rising trend in the U.S. and in the North Sea, but overall rig activity outside North America is still well below the levels of a year ago.

According to the latest figures from Hughes Tool, which logs drilling throughout the world, 1,199 rotary drilling rigs were in operation outside North America at the beginning of December, compared with 1,476 at the same point of 1982.

The sharpest drop was in Africa, where the number of active rigs fell from 209 to 120. In Algeria alone, the number was down from 90 to 35.

In spite of a sharp upturn in recent months in the North Sea, the European total at 169 is still behind the year ago figure of 219. In the Far East, the count was 262 against 286, in the Middle East 193 (236) and in Latin America 425 (515).

The North American figures, which are more up-to-date than those for other parts of the world, show an average rig count for December of 2,780, compared with 2,572 in November and a low for the year of 1,846 in April.

The U.S. average count for the year was 2,232, compared with 3,105 in 1982, a drop of 28 per cent. At the peak of activity in late 1981, over 4,400 rigs were drilling in the U.S.

Spanish police deny lead on anti-terror groups

BY DAVID WHITE IN MADRID

SPANISH POLICE authorities have denied having any information about the so-called Anti-Terrorist Liberation Groups (GAL), which have claimed responsibility for two recent shootings in the French Basque country. The victims were both alleged members of the Basque guerrilla organisation ETA-Militar.

The latest incident — in which Sr Miguel Antonio Goikoetxea, known as Txapela, was shot while walking to his home in the French resort of St Jean de Luz on Wednesday—was claimed on behalf of the GAL in a telephone call in French to a Spanish news agency.

Sr Goikoetxea was wanted for more than 20 terrorist attacks in Spain. Madrid tried unsuccessfully to have him extradited four years ago.

The hitherto-unheard-of organisation also recently kidnapped a Spanish resident in France but released him after ten days. It has threatened tit-for-tat reprisals in response to ETA violence in the Spanish Basque country, which has once again been on the rise.

The GAL are generally believed to be former policemen with possible links with extreme rightist groups in France.

Among French Basques, the GAL are regarded as the latest manifestation of a "parallel" police force held responsible for a series of reprisals since 1975.

Sr Santiago Carrillo, the former Spanish Communist leader who failed earlier this month to unseat his successor Sr Gerardo Iglesias, has suffered a further setback in elections among the central committee for the party's executive, writes David White.

His hard line faction has been excluded entirely from the party's governing secretariat and has had its representation on the 29-man executive committee cut from eight to five, including Sr Carrillo himself.

Sr Rafael del Rio, director-general of Spanish Police, said the latest shooting victim was "one more criminal among the many that are running loose in France" and that "these affairs come within the competence of the French police."

The terrorist issue was one of the motives of a lightning visit to Paris last week by Sr Felipe Gonzalez, the Spanish Prime Minister.

In a pre-Christmas press conference, Sr Gonzalez threw the accusations about "dirty war" back at ETA, denied that ETA members in France could be considered political refugees, and said that no security forces could have shown more self-control than the Spanish, in the face of a series of more than 500 terrorist murders.

Ozal ends exchange controls

ISTANBUL—Mr Turgut Ozal, Turkish Prime Minister, yesterday abolished most foreign exchange controls, removed restrictions on some imports and raised import and other duties to subsidise his planned housing programme.

The action fulfilled his campaign promises ahead of his sweeping victory in last month's general elections that established Turkey's first elected government since the 1980 military coup.

Import bans on a number of consumer goods are to be lifted, according to decrees published in the official government gazette following ratification by President Kenan Evren. The goods will be heavily taxed to help finance a housing programme.

The decrees raised prices of alcoholic drinks and cigarettes produced by the state monopoly by up to 50 per cent to provide further funds for the programme.

A bottle of raki, a popular local spirit, will cost L1,000 ($3.50) instead of L750. A pack of 20 cigarettes will cost L100 (35 cents) instead of L70.

Under the new measures, export and import formalities have been simplified and fewer goods will need export licences.

Some domestic industries will continue to be protected by import restrictions, but among imports liberalised are domestic appliances and processed food such as butter and cheese.

All banks will be allowed to deal in foreign currencies, and Turks will be able to invest up to $2m abroad, import foreign currency and hold foreign currency bank accounts in Turkey.

Mr Ekrem Pakdemirli, Treasury Undersecretary, a close aide of Mr Ozal, said in a statement that the lira's external value would be more realistically determined.

Reuter

Poland's coal output rises

By Christopher Bobinski in Warsaw

POLAND'S COAL production rose slightly in 1983 to 191m tonnes from last year's 189.3m tonnes, but costs in the mining industry rose by more than 20 per cent, according to Mr Stanislaw Nieckarz, the Finance Minister.

Losses will continue into the new year as a 15 per cent price increase has been postponed in a bid to lower the rate of inflation.

The postponement will mean that next year's sharp rise in government subsidies to the coal industry budgeted at Zl 171bn (£1.2bn) could rise further.

Coal exports both to Comecon and hard currency markets this year have reached 35m tonnes, compared to 28.3m tonnes in 1982. Hard currency sales reached 15.7m tonnes in the first 10 months while Comecon deliveries stood at 12.7m tonnes.

Shultz may meet Gromyko at Stockholm

MOSCOW — The Warsaw Pact members, including the Soviet Union, are believed to have decided to send their Foreign Ministers to the East-West disarmament conference in Stockholm next month, a senior U.S. official said yesterday.

"I think Gromyko will meet Shultz," the official said, referring to the Soviet Foreign Minister and the U.S. Secretary of State. "But nothing's been set up yet."

The Nato Foreign Ministers recently decided to attend the 35-nation conference, to be held from January 16 to 18 as a follow-up to the Madrid Conference on Security and Co-operation in Europe which ended this summer.

Mr Shultz and Mr Gromyko last met on September 8 in Madrid at the signing session of that conference. But the meeting was tense, coming a week after the Soviet downing of a Korean Air Lines jetliner with 269 people aboard, and no U.S.-Soviet issues were discussed other than Soviet accusations that the aircraft was spying for the U.S.

Earlier this month, Finland's Foreign Minister said he had been given strong signals by Mr Gromyko that the Soviet Foreign Minister would attend the Stockholm conference.

AP

Soviet foreign policy marks time

MOSCOW — A significant appraisal of Soviet foreign policy failed to emerge at the close of the Supreme Soviet yesterday implying that the Kremlin was marking time in the absence of President Yuri Andropov, Western diplomats said.

The Supreme Soviet, the country's Parliament, had been thought a likely forum for a blistering attack on Western arms policies following total avoidance of foreign policy topics at the Communist party central committee earlier in the week.

Instead, Mr Boris Ponomaryov, a non-voting candidate member of the politburo, proposed a relatively brief resolution of support for Soviet foreign policy as expressed in Mr Andropov's last two written statements.

The Ponomaryov resolution, passed unanimously as is usual with the Supreme Soviet, called on the U.S. Congress and the parliaments of America's Western European allies to abandon "policies of dictating from strength."

Echoing in detail Mr Andropov's statement last month of the Soviet walkout from the Geneva arms talks, the resolution accused the West of trying to establish military superiority and approved retaliatory measures.

"The Supreme Soviet entirely supports and approves the steps and measures being taken by the Communist party and Soviet Government to strengthen the Soviet Union's defensive capacity and ensure the security of the Soviet people and their allies," it said.

Senior Western diplomats in Moscow said it appeared that the resolution, which was not on the original agenda, was introduced at the last minute in the absence of any major statement from Mr Andropov himself.

"This ought to have been an ideal occasion for a withering attack on the West. Instead, we have a relatively bland resolution that merely restates what has already been said," one diplomat said.

Reuter

Spectres that haunt the party, Page 8

Reagan likely to face pressure to pull out marines from Beirut

BY STEWART FLEMING IN WASHINGTON

THE REAGAN administration is expected to come under intensified political pressure to pull the U.S. marines out of Lebanon when Congress reconvenes next month following the release of the Pentagon report on the October 23 Beirut bomb attack on the marine base there.

The report called for an "urgent need for reassessment" of the U.S. marines role in the Lebanon and said that several of the key assumptions on which the marines mission was based are no longer applicable today. The report is widely seen as having gone well beyond a critique of security procedures in Lebanon and to be raising fundamental questions about U.S. involvement.

The Administration appears to have been trying to downplay the significance of the report. The timing of its release during the Christmas holidays, the President's decision to try and pre-empt protracted disciplinary procedures by himself claiming ultimate responsibility for security failures, and even the limited availability of copies all seem attempts to curb the political fallout.

At the same time, the administration has been underlining its determination not to be deflected from its current policy in Lebanon. Senior administration officials have been quoted as saying that the marines must stay in Beirut because premature withdrawal could thrust the country into chaos, and the White House spokesman Mr Larry Speakes has made it clear that the president is not planning withdrawal.

Congress, however, was uneasy about the deployment of troops in Lebanon even before the bomb attack which killed 241 U.S. Marines. President Reagan only secured Congressional approval for an 18-month troop commitment after intense political lobbying.

● In Lebanon, U.S. jet-fighters flew several reconnaissance flights over the capital and nearby hills, and Israeli aircraft carried out a series of mock dive bombing attacks over southern and eastern areas of the country, news agencies report from Beirut. The Israeli swoops drew barrages from Syrian aircraft batteries.

In Sidon, the southern port occupied by Israel, shops were shut in a general strike called to protest at arrests made by the occupation forces.

In Beirut, relative calm prevailed after three days of heavy fighting between the Lebanese Army and Moslem militias. Overnight, five bomb blasts in mainly Moslem West Beirut wrecked several shops thought to be Christian-owned.

Egyptians visit Jerusalem in bid to better relations

BY DAVID LENNON IN TEL AVIV

ISRAELI AND Egyptian officials aired their differences yesterday when an official Egyptian delegation visited Jerusalem for the first time in more than a year of soured relations.

Israel is very unhappy about the way relations with Egypt have deteriorated in the past year and Mr Yitzhak Shamir, the Prime Minister, again protested to the visitors over the decision by President Hosni Mubarak to welcome Mr Yasser Arafat, the PLO leader, in Cairo last weekend.

The timing of the visit, coming so soon after the Mubarak-Arafat meeting, is being interpreted by officials here as an attempt by Cairo to demonstrate that it can enhance its ties with the Arab world without harming those with Israel.

Despite the "differences of opinion which emerged in the talks," the meeting was held in a friendly atmosphere, according to the Premier's spokesman.

The Egyptian delegation was led by Mr Shafi Abdel-Hamid, an assistant secretary of state at the Foreign Ministry. This was the first visit by an official delegation since Egypt recalled its ambassador from Tel Aviv in September 1982 in protest over Israel's continuing involvement in Lebanon.

Officials here welcomed hte visit as a sign that the dialogue between the two countries will continue. But they cautioned that not much should be expected from the visit, which reciprocates that made to Cairo last month by Mr David Kimche, the director-general of the Foreign Ministry.

Both sides have much to complain about. Egypt objects to the continued Israeli occupation of southern Lebanon and the building of Jewish settlements on the occupied West Bank. Israel is angry over the continued absence of the Egyptian ambassador, the decline in trade, and the frequent criticism of Israel in the Egyptian Press. There is also an unresolved dispute over the demarcation of the Egypt-Israel border.

Mauroy to report on 'oil sniffer' affair on Monday

BY PAUL BETTS IN PARIS

M PIERRE MAUROY, the French Socialist Prime Minister, is to speak next Monday on the controversial affair of the so-called "oil sniffer aircraft" which has snowballed over the Christmas holidays. M Mauroy took personal charge of the dossier last weekend and has been consulting leading figures involved in or by the affair.

The controversy centres on unsuccessful tests conducted by the state-controlled Elf-Aquitaine oil group using a novel airborne oil detecting technique involving electronic equipment installed on aircraft.

The affair is essentially an attack on the administration of former President Valery Giscard d'Estaing who had actively supported the project.

M Mauroy has been studying a confidential report prepared by the Cour des Comptes, the government accounting watchdog body. The report had been ordered by M Raymond Barre, the former Prime Minister, who has also been one of the main targets of the political row.

It is not yet clear if M Mauroy will respond on Monday to calls from several leading Socialist Party members to disclose the contents of the report.

For its part, the French newspaper Le Monde suggested yesterday that the report, which has been at the centre of the accusations of a cover up by the former administration of M Giscard d'Estaing, criticises some of the members of the state oil group for being naive in backing the tests.

M Giscard d'Estaing, M Barre and other officials of the former administration have flatly denied any impropriety.

Washington confirms Unesco withdrawal

WASHINGTON—The United States will drop its membership in Unesco, the cultural and educational agency of the United Nations, at the end of 1984 because it is convinced the agency has developed a consistent "hostility toward the basic institutions of a free society," the State Department announced yesterday.

Mr Alan Romberg, the department's deputy spokesman, said the U.S. has concluded that Unesco "has extraneously politicised virtually every subject that it deals with."

The organisation, Mr Romberg said, "has exhibited hostility toward the basic institutions of a free society, especially a free market and a free Press." He added that the United States believed Unesco had demonstrated unrestrained budgetary expansion.

"We have concluded that continued U.S. participation in Unesco does not serve the interests of the United States," Mr Romberg concluded.

He stressed the United States would continue to promote international co-operation in education, science, culture and communications.

UN Secretary-General Javier Perez De Cuellar learned with "regret and concern" of the U.S. intention and hoped Washington would reconsider according to a statement.

The official Soviet news agency Tass said the U.S. withdrawal was a show of "imperial haughtiness" toward a United Nations agency confirming Washington's course of militarism and adventurism.

The withdrawal was the final touch in Reagan's campaign, unprecedented for its scale and fierceness, against one of the specialised UN organisations.

AP

Sharp drop in syndicated bank lending

PARIS — Syndicated lending by banks dropped by over a third in 1983, reflecting their reluctance to increase their international exposure to risk due to concern over a number of heavily-indebted countries, the Organisation for Economic Co-operation and Development (OECD) said yesterday.

According to preliminary OECD figures, gross new borrowing through bond issues and syndication of international medium-term credits totalled $137.9bn in 1983, a drop of 18.5 per cent on 1982.

Borrowing on external markets rose by some 3 per cent to $73.8bn but the volume of newly-arranged syndicated bank credits shrank by over a third to around 64bn. This was the strongest decline on record since the 24-nation OECD started collecting comprehensive data on the market, it said.

The share of OECD borrowers in total recorded borrowing rose noticeably to about 70 per cent from 68 per cent in 1982.

Reuter

Brussels lifts ban

The European Commission yesterday agreed to authorise co-operation between oil companies on the distribution of petrol within the EEC in the event of another oil crisis, writes Ivo Dawnay in Brussels. The decision exempts the oil companies from Treaty of Rome provisions which outlaw any liaison between rival companies under competition regulations.

China target bonus

China has achieved its 1983 production targets a year early, Chief State Planning Commissioner Song Ping reported yesterday, Reuter reports from Peking. Industrial growth is expected to have accelerated to about 10 per cent this year from 7.7 per cent in 1982, he said. Total retail sales will have risen 10 per cent.

Brazil austerity bill

President Joao Figueiredo of Brazil yesterday signed an austerity bill that cuts salaries and benefits for employees of state-run enterprises, AP reports from Brasilia. The measure is in line with promises made to the IMF to secure a $4.5bn loan over three years.

Philippines debt offer

The Philippines' Central Bank said it would make available foreign exchange to pay interest due before December 30 on foreign loans, Reuter reports from Manila.

President Ferdinand Marcos said the foreign exchange reserves currently stand at some $961m.

Spies convicted

Veteran naval officer Commodore Dieter Gerhardt and his wife, Ruth, were convicted of high treason—spying for the Soviet Union—yesterday, AP reports from Cape Town.

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Zaire's sick economy braces itself for more IMF medicine

BY NICK KOTCH, REUTER CORRESPONDENT, RECENTLY IN KINSHASA

● President Mobutu (left): double risk gamble

ZAIRE'S creditor nations, mindful of strategic and commercial interests, have stepped in again to shore up the shaky economy of this mineral-rich country.

Zaire's economic difficulties have steadily worsened under the 18-year rule of President Mobutu Sese Seko, partly due to corruption and mismanagement, and its major creditors have again rescheduled part of its debts, for the fifth time since 1975.

A determination to keep control of Zaire's mineral reserves and fears of political instability probably influenced the decision to give the country relief from its burden of official debt, estimated at $5bn, diplomatic and Zairian sources in Kinshasa believe.

These sources said that Zaire had managed to honour only about a quarter of its scheduled 1983 payments of $800m. The creditors agreed in Paris recently to reschedule 85 per cent of an estimated $1bn to $1.5bn of official debt falling due this year and next.

The decision of the so-called Paris Club of creditor nations gives Zaire more time to pay back the loans clears the way for an International Monetary Fund (IMF) recovery package, which will provide more than $350m. of IMF credit.

The Zairian Government badly needed this vote of confidence—as well as the cash. In September it embarked on a risky and unpopular series of deflationary economic measures designed, with the help of an IMF team working in Kinshasa, to cut public spending, liberalise trade and restore credibility to the national currency (the Zaire).

President Mobutu devalued the Zaire from 6 to 30 against the dollar, its blackmarket rate, but the measure instantly sent prices soaring even against the background of an annual inflation rate averaging more than 50 per cent in recent years. The price of petrol, other fuels and basic foods has risen between 200 and 300 per cent in the past three months, while wages have crept up by only 20 per cent.

A sack of cassava, the staple diet for many Zairians, has more than doubled in price to 900 Zaires ($30), putting it beyond the reach of most pockets, as wages for the lowpaid are less than 1,000 Zaires ($33) a month.

"We have to save for three months to buy a sack lasting 10 days," said a taxi-driver. "There are many families who live on slices of bread and tea for days at a stretch."

A brief flurry of strikes greeted the September measures, but they were muffled without any publicity after a mixture of government mediation and strong-arm tactics, Zairian sources said.

Although the level of popular protest has been low, the Government could face further challenges if it sticks to its commitment not to raise wages, diplomatic sources said.

"With the standard of living already so low, how much belt-tightening can a country like Zaire take," asks one banker. He described the President's gamble as doubly risky because he imposed the squeeze measures without a formal guarantee from the IMF that its support would follow automatically.

The history of failed attempts to bring Zaire's economy into international line explained the IMF's initial wariness to grant further credit. Successive devaluations, reschedulings and bilateral aid projects have not succeeded in correcting the fundamental imbalance of the Zairian economy, which relies for nearly 70 per cent of its foreign earnings on copper and cobalt at a time of falling mineral prices.

There has been little or no success in boosting food and cash crops, or in modernising inefficient local industry. All sectors are hampered by a decrepit road and rail network which makes many parts of the country only accessible by aircraft. In 1981, a combination of these factors led the IMF to abandon a three-year, $1.2bn recovery programme.

Moreover, no coherent central economic planning can work until the Government acts to reduce corruption, western diplomatic sources said, estimating that between 35 and 50 per cent of all commercial transactions took place illegally outside official banking channels.

Herr Erwin Blumenthal, the West German former director of Zaire's central bank, put the problem in a nutshell in a damning report to the IMF in 1982: "There was, and there still is, a sole major obstacle which destroys all prospects—the corruption of the team in power."

However, at least one high-level civil servant is sceptical that President Mobutu could suddenly attack corruption. "The whole system is built on the basis that the top people help themselves and some of it filters down to the bottom. Anything could happen if that system changed," he said.

Nevertheless, a wide range of sources agree that the West will continue to provide at least a minimum of support to the Government, and not just in the hope of the day having their debts repaid.

Zaire's strategic location in the heart of Africa and its vast and largely untapped mineral deposits are as appealing to the Eastern Bloc as they are to the West, these sources said, and therefore worth keeping. "The Soviet Union would be in Shaba (the mineral region in southern Zaire) like a shot if we let them," one diplomat said.

More positively, some analysts in Kinshasa, who advocate continued IMF support, said they detected a new determination inside the Government to bring the economy under control, and praised the efforts of Kengo Wa Dondo, the First State Commissioner (prime minister).

They also believe that the decision to keep the Zaire pegged to a "realistic" level against the dollar through regular fixings is a success, pointing out that the rampant black market has disappeared

On the other hand, other officials predicted that the Zaire would soon depreciate again, once the liquidity shortage caused by the devaluation had eased.

OVERSEAS NEWS

Congress-I aims to secure succession for Mrs Gandhi's son

BY K. K. SHARMA IN CALCUTTA

SPLASHED all over Calcutta's crowded streets and murky walls are huge posters with portraits of Prime Minister Indira Gandhi and her son, Rajiv. These symbolise the motivating force of the Indian National Congress-I Party, now holding its first delegates' session in eight years.

Ever since its formation in 1978 when it split from the traditional party that won independence for the country, Congress-I's ("I" stands for Indira) aim has been to project Mrs Gandhi's leadership and image.

In tandem

Recently, since Rajiv became party general secretary last March, his mother and he have been moving in tandem. Rajiv has received the same adulation as Mrs Gandhi from the 10,000 delegates thronging Calcutta's indoor stadium where the Congress-I session is being held.

Posters proclaim Rajiv "A Promise for India" and "Tomorrow's Hope." For someone who entered politics just three years ago, he has come a long way. In many ways, the present session is meant to establish him formally as Mrs Gandhi's heir-apparent.

A move is already being widely discussed to instal Rajiv as Congress-I president. There is no indication yet that Mrs Gandhi, who at present holds the top party post herself, will allow this to happen, although delegates say it has her blessing. But there is little doubt that there is a concerted bid to boost Rajiv.

Judging from the speeches and the near-worship offered by the delegates to Mrs Gandhi and Rajiv, the object of making Congress-I a party wedded to staying in power and perpetuating the Nehru dynasty is an overriding one. Without exception, the delegates and leadership know they owe their position to the two.

Congress—I has never held internal elections. Mrs Gandhi took on the post of president when she formed the party in 1978. Its senior officials, including Rajiv, have all been nominated by her. So have all the members of its executive and its 700-member policy-making arm, the All-India Congress Committee.

Congress-I is now in session seeking to prepare for general elections to Parliament which must be held in 1984. Indications are that these will be held early in the year rather than in December when they are due.

The party needs to improve its image considerably. The track record of Congress-I state governments has been poor. The party has, over the past couple of years, lost its appeal, and even Mrs Gandhi's charisma is in doubt. Congress-I has not won any of the 12 state elections in the past two years, with the doubtful exception of violence-racked Assam, although its showing in last week's scattered by-elections has been unexpectedly good.

Congress-I is now trying to project itself as a left-of-centre party. A political resolution that the Calcutta session will adopt strongly attacks its right-wing opponents and, in a veiled manner, seeks the co-operation of Communists and Marxists, who rule the state of West Bengal where Calcutta is located.

Another resolution says Congress-I wants the unity of "patriotic, secular and progressive elements"—a suggestion that the party with Mrs Gandhi at its head alone is capable of holding together the country at a time when demands for secession are being made in many states.

Resolution

Similarly, a resolution on economic policy calls for a new direction in planning, so that both agricultural and industrial production is increased. Foreign policy is not an issue in India, but a third resolution on the international situation points sharply at "threats" from Pakistan where, it says, a major rearmament programme is under way.

Behind the scenes, efforts are being made by the party to build up a 100,000-strong cadre of young men and women. In the past few months, Rajiv's advisers have helped him organise "training camps" for the cadre

This flurry of activity has, observers believe, much to do with the *de facto* influence in the party's various organs that Rajiv has come to wield.

Floods and sabotage cut Malawi rail links

BY BERNARD SIMON IN JOHANNESBURG AND MICHAEL HOLMAN IN LONDON

MALAWI'S rail links with the Mozambique ports of Nacala and Beira have been virtually closed by flooding and sabotage, forcing the country to use lengthy and expensive overland routes for the bulk of its imports, according to freight agents in South Africa, its main trading partner.

Landlocked Malawi has become one of the region's casualties in what African front-line states term South Africa's "destabilisation" campaign against its black-ruled neighbours.

Guerrillas of the Mozambique National Resistance (MNR), which western diplomats in Maputo maintain is supplied and advised by South Africa, have conducted a six-year campaign of economic sabotage. Among their main targets are the rail links between Mozambique and its neighbours, and the oil pipeline from the port of Beira to Zimbabwe. The MNR also conducts hit and run attacks on road traffic and Government troops.

Despite a series of Government offensives, the MNR now operates in nine of Mozambique's 10 provinces. In the latest claims from the two sides, an MNR spokesman this week said that 138 Government troops had been killed and several towns seized in their current offensive.

Mozambique's chief of staff, Lt Gen Sebastiao Mabote, on Wednesday told a news conference that over 3,000 "bandits" had been captured during 1983.

In Lisbon this week, the MNR claimed to have destroyed a rail bridge 35 miles north of Beira on the line linking the port with southern Malawi, including the main commercial centre of Blantyre.

Malawi's second route to the sea, to the northern Mozambican port of Nacala, is closed for 12 hours a day for repairs following recent heavy rains which washed away sections of the line.

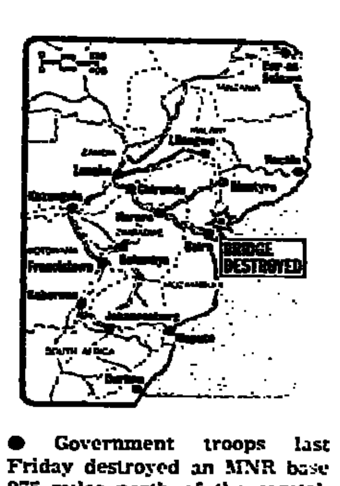
In addition, both ports are short of locomotives, rolling stock and other equipment such as fork lift trucks. Malawi's two main exports, tea and tobacco, are given priority at Nacala, stretching its limited facilities, and forcing suppliers to route between 80 and 90 per cent of Malawi's imports by road.

Of the three road links to the south, one is currently unsafe—the route from Blantyre to the Zimbabwe capital of Harare, which crosses the Mozambique pedicle of Tete province.

MNR bands operating in Tete have fired on trucks, forcing fright agents to operate in convoys, or use the longer and more expensive—but safer—alternative routes through Botswana via Kazungula or through Zimbabwe via Chirundu, and onward through Lusaka to Malawi.

South Africa provides a third of Malawi's imports, but even European suppliers are now choosing to route their goods through the republic's port of Durban rather than risk Beira or Nacala.

Despite the problems, transit time from Johannesburg to Blantyre is only a week to 10 days, but Malawi is investigating the feasibility of greater use of the Tanzania-Zambia railway which serves the Tanzanian port of Dar es Salaam.



● Government troops last Friday destroyed an MNR base 275 miles north of the capital, Maputo, the official Mozambique news agency AIM, reported yesterday.

Indonesian police deny killings

By Kieran Cooke in Jakarta

THE HEAD of Indonesia's police, Gen Anton Sudjarwo, has denied that his men have been involved in a series of killings which have been going on in Indonesia for the past nine months.

The killings were the work of criminal gangs and the police had now stepped in and put a stop to them, he declared.

The general went on to say that he could not believe reports that up to 4,000 people had been killed, as according to police statistics, far fewer murders had been reported this year throughout Indonesia.

There have been many reports on the island of Java and in Jakarta of bodies being found dumped by the roadside, or floating in rivers. Most had been found shot in the back with their hands tied. Nearly all have been described as known or suspected criminals.

Several organisations, including a group of legal aid workers who have often protested about what they see as human rights abuses in the country, have accused the army and police or being responsible for the killings, charges which have been consistently denied.

They have also claimed that in the past few weeks, the rate of such killings has intensified.

Chris Sherwell profiles an oil-rich Sultanate on the eve of full independence

Brunei looks forward to a long golden era

THE PEOPLE of Brunei, the tiny Moslem Sultanate which assumes full independence from Britain at midnight tomorrow, are the first to acknowledge that their country is not what it was. Invaders and colonial expansion ended their domination of the huge island of Borneo, from which *the country derives its name*, and crowded them into a sandy corner which has itself been divided awkwardly into two.

But Bruneians are far from unhappy. They believe Allah has left them the best part, and it is a judgment fully supported by the country's fabulous oil wealth. From Sunday, Brunei's 200,000 people will take their place near the top of the world wealth table with a per capita GDP of at least $22,000 a year and probably more.

For visitors to the capital, Bandar Seri Begawan, the results are easily visible. They include a smart airport boasting one of the longest runways in Asia, a vast floodlit sports stadium built for the 1985 South East Asian Games, a sparkling new hospital with the most up-to-date facilities and equipment and, controversially, the stunning riverside palace for the Sultan, Sir Muda Hassanal Bolkiah, which has been described as a modern Versailles and cost hundreds of millions of dollars.

The Sultan, who is 37 and has a passion for polo, has been criticised abroad for his conspicuous consumption and autocratic rule, but his subjects enjoy a life-style that would be the envy of most newly-independent nations.

Jobs are easy to come by, most families have at least two cars, petrol is cheap at $1 per imperial gallon, there is colour television and no income tax, and education and health care are free.

Small surprise, therefore, that Brunei has looked like a beacon of prosperity in a recession-hit world, and that numerous foreign companies have been beating a path to the fledgling state's door in the hope of new business. But if they can find something to do, they are expected to involve Brunei citizens, which means Brunei Malays, who constitute some 70 per cent of the population.

This could entail setting up joint ventures, subcontracting to local companies or simply employing local people—a problem, because Brunei faces an acute labour shortage. Some 43 per cent of the population is under 20, and half of the rest are women who, if they are Moslems, may not be work-seekers.

Skills are in short supply, and this is worsened by the fact that most Brunei Malays prefer to work for the Government or in the oil sector,

Shell has long dominated the exploration, development and production of oil and gas, and this sector is still responsible for four-fifths of the country's output and 99 per cent of its exports, valued at more than $4bn in 1981.

The Government has had a 50 per cent stake in Brunei Shell Petroleum, the main company, *since 1975, which gives it a* potent influence in policy at a time when reserves are known to be finite and need careful husbanding. Officially, there is enough oil to last into the next century.

The Government, having controlled all but defence and *external affairs since 1959*, likes to point out that the country is self-governing and that, if anything, it is "resuming" its independence after a treaty relationship with Britain that stretches back to the mid-19th century.

The acceptance of Brunei as the sixth member of the Association of South-East Asian Nations is reckoned to be the new state's best guarantee of stability

The key question, however, and one which dogged negotiations with Britain, concerns security. The issue is traceable to 1962, when moves towards introducing more popular government were halted by a revolt led by the Brunei People's Party. This was sparked by the prospect of Brunei joining the Federation of Malaysia, and had to be quelled by British troops.

Emergency laws imposed by the Sultan's father — who later abdicated but remains even now a power behind the throne — are still technically in force, and a battalion of Gurkhas has provided a visible measure of protection for the royal rulers. The Sultan also *maintains a private army* recruited from retired Gurkhas.

Differences over the continued stationing of the Gurkha battalion brought independence talks with Britain close to breakdown. In April a report which suggested that the link between Shell and the Brunei *Government might end unless the issue* was resolved was strongly denied by Brunei but caused a real flutter.

In July the Sultan ended the arrangements with the Crown Agents to manage Brunei funds and passed this lucrative contract — Brunei has foreign reserves totalling some $12bn — to Morgan Guaranty and Citibank, who will advise the newly-formed Brunei Investment Agency.

Eventually, it was agreed that the Gurkha battalion would remain in Brunei under London's continued control, on call for emergency duties in places like Hong Kong, but paid for by the Sultan. Britain is also providing personnel to train and advise Brunei's armed forces and will continue to use Brunei's unique jungle warfare training school.

At the same time it is reckoned that worries over a possible repeat of the 1962 episode have subsided because of the sharp rise in standards of living in Brunei, and that the bitterness which has animated past relations with Malaysia or Indonesia has evaporated. But elections in Brunei are unlikely, and political parties remain banned.

The acceptance of Brunei into the Association of South-East *Asian Nations (Asean)*—which embraces Singapore, Malaysia, Indonesia, Thailand and the Philippines—is reckoned to be the new state's best guarantee of stability. Admission as Asean's sixth member is due to be confirmed on January 7.

One potential source of dissatisfaction in future could conceivably lie in the ranks of the civil service, as ambitious and well trained administrators find avenues of promotion blocked by those now taking on the enormous responsibilities of full nationhood.

A more clearly expressed concern is the fate of the local Chinese community, who are known simply as "residents" and number more than 40,000. Even though they may have lived in Brunei for generations, they can only become citizens by passing a difficult written and oral language test to show proficiency in Malay. Yet as non-citizens they cannot own land and therefore have less of a stake in the country.

For them, Brunei's transformation this weekend is an occasion for genuine worry, even though there have been reassuring noises from the Government, and Britain has expressed its satisfaction over the matter.

WORLD TRADE NEWS

EEC-Efta free trade zone to commence

By Paul Cheeseright in Brussels

THE last barriers to an industrial free trade zone of 17 European nations with a combined market of 310m people fall away this weekend.

December 31 marks the end of the transitional agreements to establish free industrial trade between the EEC and the European Free Trade Association (Efta), made up of Austria, Finland, Iceland, Norway, Portugal, Sweden and Switzerland.

Tariffs have been progressively dismantled since 1972, but full liberalisation was arranged on a relatively relaxed timetable for both metals, particularly steel, and for newsprint.

Although the tariffs for metals lapsed on January 1 1980, free EEC access to Efta newsprint was achieved only this weekend.

The newsprint situation poses an immediate problem for the EEC. Negotiations are to take place with Canada to settle a 1984 quota for its newsprint sales. An interim quota of 500,000 tonnes was granted by the EEC Council of Ministers on December 19.

Newsprint consumers, especially in the UK, are anxious that Canada should remain in the market so that pricing is not wholly dominated by the Scandinavian producers.

Over the longer term, the Efta countries are anxious that the free trade zone should be consolidated by further co-operation so that, for example, there can be combined movement on standards and a greater degree of scientific and research collaboration.

At the same time there are fears, freely expressed by Swedish diplomats that the EEC's efforts to liberalise its internal market will be accompanied by measures, as France would like, to strengthen defences against imports.

Last November, the ministerial meeting of the Efta councils noted the importance of the EEC endeavour to strengthen its internal market but added that this should be beneficial for the development of trade and economic relations between all the partners in the wider European free trade system.

Boost for CoCom's shoestring technology patrol

BY DAVID MARSH IN PARIS

CASUAL visitors to the Cocom Club, a *discreetly*-sited building off the Rue de la Boetie in the heart of the bustling 8th arrondissement of Paris, are told that the U.S. Marines hold regular dances there on Friday nights.

CoCom is not a catchily-named new discotheque, but the nerve centre of western governments' efforts to prevent flows of militarily-useable technology to the Soviet bloc.

The Co-ordinating Committee for Multilateral Export Controls, to give it its full name, is housed in an annexe of the U.S. embassy, reached by an alley-way between a bank and a men's hairdressing salon.

The organisation, set up in 1949, groups all Nato members except Iceland but includes Japan. It is about to be revamped to give it greater scope to check trade between East and West in rapidly expanding electronic sectors.

But the strengthening of CoCom's powers will fall well short of proposals put forward by the U.S. earlier in the life of the Reagan administration.

The institution's budget—at present a mere $600,000 (£428,570) to $700,000 a year—looks likely to be increased. Member governments have agreed to install computerised office equipment and word processors to help the permanent clerical *staff* (at present numbering about 15) cope with the work load.

And CoCom will be given more space. The present headquarters—in the basement of a building which also lodges the U.S. Internal Revenue Service, legal attaches, and FBI agents, as well as the Marines—are described by one diplomat as "cramped and spartan." "They're scurrying around like moles," says another.

Cash problems among participating governments—as well as the French view that CoCom should remain an embassy offshoot rather than develop into a fully-fledged agency with a life of its own—will probably lead the U.S. to take responsibility for extending the premises.

Moving into a new building would be costly and would pose security problems. Instead, the most likely solution is for the Americans to pay for enlarging the present site by building over the parking lot.

The organisation looks likely to continue to be run on a relative shoe-string. The new word processors will probably come from the U.S. company Wang. "The Americans are paying for it, so it can hardly be ICL or Philips," remarks one official.

The CoCom basement this year has been seething with almost permanent meetings of western officials working on revising the lists of goods, technologies and components which are proscribed for sale to the East.

The sensitive nature of the work has been highlighted by a number of recent seizures in Europe of computer equipment about to be clandestinely routed to the Soviet Union. Earlier this month the Reagan administration paraded in Washington pieces of an advanced computer system impounded on its way to Moscow.

America's European allies have so far resisted Washington proposals greatly to increase the control and investigation powers of CoCom. And, because of the complexities of the issues involved, meetings on redefining the lists—a job which at one stage was to end this year—could last beyond next summer even if CoCom continues working flat-out, according to one official.

"We have not yet come to grips with the computer revolution," says one diplomat. U.S.-backed efforts to control software flows present a particular problem. "The software needed to make a cruise missile has to be controlled," he says. "But it could be the same as is used in a Space Invaders game." Many European countries favour software restrictions in theory but say there is no means of policing them.

"I don't know why CoCom should be so damned secret," says one Western official. "We're just slogging along getting as many agreements as we can on lots and lots of mundane articles. You just have to be careful that you don't catch anything daft like washing machines."

Pakistan approves Morris Ital project

BY MOHAMMAD AFTAB IN ISLAMABAD

THE PAKISTAN Government has now given approval for a deal which will involve Austin Rover, the BL subsidiary, shipping its Morris Ital car production line from the UK to Pakistan in stages over the next three years.

Austin Rover will link with a private company in Pakistan, Associated Agencies of Lahore, and the Al Ghurair group of Dubai—owner of the Bank of Oman—for the project.

There had been some opposition within the Ministry of Production which is responsible for a public sector car venture, involving the assembly of 800 cc Suzuki cars under licence from the Japanese group that started last year.

However, the Pakistan Government has given the go-ahead for the Ital project, which will cost about $22.9m, including $14m in foreign exchange to pay for the Austin Rover equipment.

Austin Rover will have 15 per cent of the equity of the joint venture company, while the Al Ghurair group will have 35 per cent.

The total value to Austin Rover could be up to £20m when sales of built-up cars and components are taken into account.

The joint company will set up a plant at Sheikhupura, 160 miles south east of Islamabad, and plans to produce 3,000 Itals in the first full year of operation, increasing to an annual 5,000 from the fourth year.

Associated said that the car will have a 23 per cent local content in the first year and hopes this will go to 90 per cent in the fourth year of production.

The new plant will produce four-door versions of the Ital with BL's 1.8 litre "B" series diesel, used in Britain to power some versions of the Sherpa van.

Associated estimates that the cost of production in the first year will be about Rupees 70,500 ($5,222) which should be reduced to Rupees 61,400 in the fourth year.

The retail price in the first year will be Rupees 81,000 ($6,000). The main demand is expected to come from Pakistan's taxi fleets. The diesel Ital is claimed to have the potential for 60 miles to the gallon. Industry estimates suggest the demand for the Ital type of car in Pakistan will be 25,000 a year by 1991.

● Nissan of Japan is to supply General Motors with a car for sale through the U.S. group's Australian dealer network. Under the terms of a deal expected to be completed early in 1984, Nissan's assembly plant at Clayton, Victoria, in Australia, will build the car which will have changes made to its body and specification to ensure it does not compete with Nissan's own version.

Arabs lift bar on UK companies

By Louis Fares in Damascus

FIVE BRITISH companies, including Ranks Hovis McDougal, have been taken off the Arab boycott list, which bans companies who trade with Israel from having links with the *Arab world. Liaison officers* from the Arab League have rearranged the list and two British companies formerly not included have joined the banned group. They are Mul-T-Lock and Ramicube.

Those companies taken off the list are thought to include:

U.S. concerns.—Regal Tire, Van Leer Chocolate, Garland Industries, Del Monte.

Japanese companies.—Taiheiyo Kaijun, Asahi Optical, Sasedo Heavy Industries, Nozaki and Company.

British companies.—Bio Rad Laboratories, Roussel Laboratories, Hestair Hope, Fendrake, Rank Hovis McDougal.

West German companies.—Triumph Adler, Barakuda Bergann.

Italian companies: Comega, STS (Consorzio per Sistemi di Telecommunicazioni via Satelliti), Sigma Italiana Prodotti Chimici and Elco.

The following companies have been put on the blacklist:

U.S.: Vishay Intertechnology, Concept International Sales, Chromalloy American Corporation.

U.K.: Mul-T-Lock, Ramicube.

Japan: Tokyo Incorporated, Green Sangyo.

Cost of shipping containers set to rise on most world routes

BY ANDREW FISHER, SHIPPING CORRESPONDENT

TO SHIP containers on most world routes will cost more next year. On the first day of 1984, the 35-member Far Eastern Freight Conference (FEFC)—the world's biggest such rate and schedule-setting group—*will increase its rates* by 12 per cent.

Competing outsider lines on routes between Europe and the Far East will also be lifting rates, though they will still charge less than FEFC lines. Elsewhere, too, as on the fiercely competitive North Atlantic market, rates are set to move up.

The FEFC has not put up its rates for three years. That, says Kerry St Johnston, the new chairman of the FEFC, "is a long time." The last rise was 8 per cent. But the FEFC argues that costs have gone up by at least 15 per cent since then.

The FEFC would have liked to boost rates more, but the shippers on its routes complained bitterly and the conference had to content itself with 12 per cent.

"It is entirely understandable and pardonable that shippers should shout about it," Mr St Johnston said of the increase. But the decision could not be put off in view of the financial strains on shipping companies.

Mr St Johnston was elected chairman of the FEFC at the end of October. He is also chairman of Overseas Containers Ltd (OCL), the big British-owned shipping and transport consortium. "It's actually quite burdensome," he says of his new position at the FEFC helm.

But the burden on FEFC *members themselves should be* alleviated by the effect on revenues of both the rate rises and the upturn in world trade now getting under way. The fact that outsider lines also plan to raise prices means competition should be less debilitating.

The major Taiwanese non-conference lines, Evergreen and Yang Ming, will increase their rates by 12 per cent from February 1. Evergreen's rates are pegged at about 5 per cent below those of the FEFC after agreement reached in 1982, while those of Yang Ming are 10 per cent less than the conference's.

Competition

Balt Orient of the Soviet Union also plans a 12 per cent rise and is talking with the FEFC about ways of rationalising trade. Providing stiff and cheap overland competition for FEFC and other lines is the Trans-Siberian Railway.

Non-conference lines account for between 25 and 30 per cent of trade on routes covered by the FEFC — "too much," Mr St Johnston believes. On some route sectors from Hong Kong and Taiwan, their share is up to 50 per cent.

The volume of business for which FEFC and outsider lines compete does at least look like rising this year. Asian exports to the U.S. have picked up sharply, Mr St Johnston notes. *As Asian economies improve*, European exports there should benefit. "The big question is, will this be sustained?"

Like other shipping executives, he is concerned about the effect which the plans of Evergreen and U.S. Lines to increase their fleets and start round-the-world services will have on freight markets.

He sees one of his tasks as chairman of the FEFC as trying to "promote an atmosphere which encourages sensible rationalisation between operators." Instead of several competing ships running less than full on certain routes, the consortium approach is one he favours to reduce over-capacity.

"You have to have a minimum number of fleet units for service frequency." But if two lines can combine, "it may be possible to provide a perfectly adequate service with fewer ships, better frequency, and lower costs." In the FEFC itself, a number of lines have long been linked in major consortia.

Nor is it only conference members which need to rationalise, in his view. "Outsiders can be just as keen to come to that sort of sensible arrangement.

Aerospace industry seeks Asian expansion

By Michael Donne, Aerospace Correspondent

AEROSPACE manufacturers world-wide are becoming increasingly aware of the potentially large markets for their products throughout South-East Asia and the Far East, and are making determined efforts to expand sales in those regions.

This is evident from the big response to the second Asian Aerospace Exhibition (organised by ITF Pte.) at Changi Airport, Singapore, from January 18 to 22. Already, over 400 companies world-wide have taken space at the exhibition.

They range from the world's biggest jet airliner manufacturers, such as Airbus Industrie from Western Europe, and Boeing of the U.S., through to the many builders of smaller regional, commuter and feeder-liner aircraft, such as Saab-Fairchild (building the SF-340 airliner), Casa of Spain and Fokker of Holland.

The UK is mounting an especially big display, with close to 40 companies exhibiting under the auspices of the Society of British Aerospace Companies, with several more exhibiting independently.

Many of the participants are interested in finding partners for collaborative developments and for the manufacture of aircraft parts and associated equipment. Governments of many countries in South-East Asia and the Far East are also interested in boosting their own home aerospace manufacturing capabilities.

Some countries, such as Indonesia, have already begun major collaborative ventures with Western companies. Nurtanio of Indonesia, for example, is working with Casa of Spain on the CN-235 transport aircraft.

The Civil Aviation Administration of China (CAAC) is known to have a shopping list for new transport aircraft, but so far it has limited its purchases to small numbers of Boeing 737 short-to-medium range and Boeing 747 long-range aircraft.

Along with the exhibition, The Financial Times is organising a two-day conference, "Aerospace in Asia and the Pacific Basin," on January 16 and 17 at the Shangri-La Hotel, Singapore.

UK NEWS

Alabama group plans to open Scottish plant

BY MARK MEREDITH, SCOTTISH CORRESPONDENT

THE UK subsidiary of SCI Systems of Alabama yesterday unveiled plans to open a plant in Irvine, Scotland, to manufacture electronic equipment.

Initially, 250 jobs will be created when the factory is opened in the West coast Scottish new town next year, but a further 300 jobs could follow in three years. As many as 2,000 jobs in the long run was not beyond the realm of possibility, Mr Olin King, chairman and chief executive of SCI, said yesterday.

SCI, which was founded in the U.S. in 1961, has recently expanded out of the military and aerospace electronics field into the volume market making computer products.

The new plant in Scotland will produce these components as well as offering assembly facilities for overseas companies wanting to produce within the EEC area,Mr King said.

The new company will provide much needed employment in the Irvine area where unemployment is 23.4 per cent.

The development is also another addition to the growing number of companies serving the increasingly important electronics industry in Scotland.

The sector currently employs between 36,000 and 40,000 more than 200 companies. Non-Scottish com*panies account for 40 per cent of the* plants and 90 per cent of the employment.

The initial investment by SCI is worth $5m but follow up investment would bring the total to $11m to $12m.

The company has received the regional development grants and selective financial assistance from the Scottish Office.

The company will move into a 70,000 sq. ft. factory already built in Irvine. Mr King said he expected that senior management at the plant would come from Scotland, although expatriates would probably be brought in to provide technical guidance.

In another development East Kilbride Development Corporation, south of Glasgow, announced that two U.S. high-technology compa*nies will set up operations in the* new town in the coming year.

A survey published yesterday by Manpower, the employment agency, reported that job prospects in Scotland in the first three months of 1984 will be more favourable than any first quarter for the past four years.

UK sales by Austin Rover rise 20%

By John Griffiths

AUSTIN ROVER, part of the state-owned BL group, sold more than 1,000 more cars each week in the UK during 1983 than in the previous year. By the end of the year's trading tomorrow it will have sold about 320,000 cars, representing an increase in UK volume of about 20 per cent. This compares with growth in the UK new car market *overall of about 15 per cent.*

Exports, however, are expected to be about the same as in 1982, or about 85,000 units. Export figures due for release next month, are likely to show the effects of the decline in total new car sales in its two main continental European markets, Italy and France. The Italian market was running 7 per cent lower than 1982 in the first nine months of this year, while the French market was juust over 1 per cent down.

Continental markets have also yet to reflect fully the impact of Austin Rover new car launches, since the Maestro, Rover Vitesse and MG Metro Turbo models were launched on the Continent only towards the end of the year.

Output from its Longbridge and Cowley plants was the highest for 10 years. Altogether, Austin Rover produced 450,500 cars, an increase of 15 per cent on the 390,440 of 1982.

In the first half of the year the company made its long-awaited turnround into the black, with a *trading profit of £37m.*

Logica buys U.S. designer of computer-linking software

BY RAYMOND SNODDY

LOGICA, the UK's largest independent computer software company, is to spend more than £2m on the acquisition of a small California company less than two years old.

The company, Intelligent Technologies International Corporation (ITIC) of Palo Alto, specialises in the design of software which allows different *microcomputers* to communicate with mainframe machines.

It has just begun to ship its first product – a software device on a plug-in card for the IBM personal computer, which provides communication with mainframe computers made by IBM, Digital and other manufacturers.

ITIC is Logica's first major U.S. acquisition. *Logica* is to pay £874,000 ($1.25m) for all of the equity and will repay by August 1986 £1.33m ($1.9m) in loans which were used *to set up the company.*

ITIC is a typical Silicon Valley start-up company. It was founded by Victor Amexcua and Dan Gregerson after leaving major corporations, Hewlett Packard and Zilog. The company, which employs 20 people, was incorporated only in January 1983.

Mr Pat Cohen, chairman of Logica VTS, Logica's office automation *subsidiary, said yesterday that the* company had been looking for products rather than companies to acquire in California. "Those guys *have got a product we have found* no equal for," Mr Cohen said.

ITIC is expected to move into profit in the next few months and make an important addition to Logica's profit stream in future years.

Rise in UK air traffic

By Michael Donne

THE RECOVERY in traffic handled at the UK's major airports continued during November, strengthening the belief that the recession in air transport is now passing.

The British Airports Authority (BAA), which owns seven of the major airports in the UK, including London Heathrow and London Gatwick, reported that in November it handled just under 3m passengers, a rise of 7.4 per cent over the corresponding month in 1982.

For the 12 months ended in November, the total number of passengers handled amounted to just over *45m, a rise of 4.1 per cent*

UK strike figures fall

BY BRIAN GROOM, LABOUR STAFF

BRITAIN LOST fewer than 4m working days because of strikes in 1983, according to official estimates. Apart from 1976, when 3.28m days were lost, this is the lowest figure since 1967.

However, the figures are published at the end of a year which has brought growing criticism of the Department of Employment's strike figures as a reliable indicator.

Provisional estimates released by the department show that 242,000 days were lost in November, compared with a monthly average of 318,000 over the previous 10 months.

This brings the cumulative total from January to the end of November to 3.4m. In 1982, the comparable figure was 5.2m, and the average for the equivalent period over the last 10 years was 9.8m.

Mr Tom King, Employment Secretary, said this was "good news" and that the year's total was likely to be below 4m. In fact, it may be little more than 3.5m, as there is traditionally a decline in the number of days lost in December.

Apart from the 1976 figure, which occured in the calm, early period of the last Labour government's pay policy, this is the lowest since 1967, when 2.79m days were lost.

New De Lorean evidence

By John Griffiths

DOCUMENTS to be presented at a bankruptcy hearing in the U.S. on January 10 are alleged to confirm that Mr John De Lorean diverted to his own use $8.5m which should have funded development of the Belfast-built De Lorean sports car.

The documents are alleged by attorneys acting for creditors of De Lorean Motor Company to have been found at Mr De Lorean's New Jersey estate by accident, while a court-appointed assessor was appraising the estate's contents in advance of the bankruptcy hearing.

The $8.5m forms part of $17.5m deposited by U.S. investors and the UK Government-backed Belfast manufacturing subsidiary with GPD Services, a Panama-registered company based in Geneva.

Jersey confident as tax loophole closes

DAVID LASCELLES finds a buoyant financial sector in the Channel Islands as London's move against roll-up funds takes effect

A FEW YEARS ago, the decision by a British Chancellor of the Exchequer to close the tax loophole for the popular roll-up funds would have been bad news for the Channel Islands, where most of the funds are based. With some £2bn under management, they are big business.

Roll-ups are so called because the funds' interest and other income is usually reflected in an increasing share price rather than paid out in dividends.

From January 1, UK residents invested in the funds will find their profits taxed as income rather than under lower capital gains rates. Since Mr Nigel Lawson, the Chancellor, announced the imminent change in the *autumn, British* investors have been widely expected to repatriate much of their money while it still came under the more lenient regime.

As the deadline for the tax change looms, however, there is no sign of alarm or despondency in the prosperous-looking offices round Library Place, Jersey's banking centre. Financial business is booming, and even if investors pulled out the entire £2bn – highly unlikely though that would be – the impact would be minimal.

For one thing, many of the investors in roll-ups are foreigners unaffected by UK tax law. For another, many Britons are expected to leave money in the funds because they still have some appeal, or just through inertia. This is specially true of Jersey, which has the bulk of the funds (though the biggest, Rothschild's, is in Guernsey) and has focused strongly on the finance business.

Mr Colin Powell, Jersey's economic adviser, reported to The States (as the *government* is called) recently: "Past experience would suggest that UK fiscal measures which have the effect of leaving those investing through Jersey at no disadvantage, even though the obvious attractions disappear, limit further growth but do not result in any significant withdrawal of funds by those affected."

Such is Jersey's appeal that many investors who are pulling out of the funds are keeping their money there anyway. Mr Terry Lavery, manager of the local branch of Barclays, reports an inflow of £40m in the last few days from fund liquidations.

Mr Lawson's statement also cleared up a lingering uncertainty: he confirmed that funds established on the island are outside the jurisdiction of the UK tax autorities. According to Mr Powell, this could prompt Jersey to follow Guernsey into granting tax-exempt status for public investment funds managed and controlled there.

By taking a highly cautious line and keeping entry under tight control, Jersey seems to be benefiting from the tribulations of other offshore centres. Deposits in its banks soared by 25 per cent in the year ending last June, reaching £16bn. Of that £12bn was in foreign currencies, the biggest growth area.

The island now has 45 banking and investment institutions, almost all of them top flight names, including British clearing and merchant banks, and leading continental and U.S. banks, like BNP, Chase Manhattan and Citibank. Jersey does not have the resources to vet applicants for entry itself, so it relies on a clean bill of health from the Bank of England.

All told, the 45 made a profit of £47.5m in 1982, up 25 per cent on 1981. They paid tax to Jersey of £10m, which was 14 per cent of the total income tax yield.

Mr Powell says preference is given to banks which bring Jersey new types of business, or encompass new geographical areas, like the Far East and the Pacific basin.

Financial services are still number two to tourism in the island. But unlike tourism, they are not seasonal, and they are growing. Most crucial, their tax yield is rising at a time when Jersey's overall tax revenue is levelling off, casting some doubt on its ability to hold income tax at its low 20 per cent level.

Jersey has always run a balanced budget. But Mr Powell is urging The States to make income forecasts "realistically and conservatively" and to keep spending "on a tight rein." A good part of revenue comes from tax on wealthy residents' investment income, which is hard to predict.

THE ARTS

Arts Week

F	S	Su	M	Tu	W	Th
30	31	1	2	3	4	5

Theatre

NEW YORK

Cats (Winter Garden): Still a sellout. Trevor Nunn's production of T. S. Eliot children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262)

La Cage aux Folles (Palace): Perhaps this season's outstanding musical comes, like Evita and Cats before it, at the very beginning of the theatrical year. Despite stellar names such as Harvey Fierstein writing the book and Jerry Herman the music, the best parts of the show are not the hoopla, apart from the first-act finale a la Gaité Parisienne, but the intimate moments borrowed direct from the film. (757 2626)

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020)

Torch Song Trilogy (Helen Hayes): Harvey Fierstein's ebullient and touching story of a drag queen from backstage to loneliness incorporates all the wild histrionics in between, down to the confrontation with his doting Jewish mother. (944 9450)

Dreamgirls (Imperial): Michael Bennett's latest musical has now become a stalwart Broadway presence despite the forced effort to recreate the career of a 1960s female pop group, a la Supremes, without the quality of their music. (239 6200)

Nine (46th St): Two dozen women surround Sergio Franchi in this Tony-award winning musical version of the Fellini film 8½, which like the original celebrates creativity, here as a series of Tommy Tune's exciting scenes. (246 0246)

On Your Toes (Virginia): Galina Panova with presumably a genuine Russian accent leads an exuberant cast in the remake of Rogers and Hart's 1936 sendup of Russian ballet tours, complete with Slaughter on Tenth Avenue choreographed by George Balanchine and directed, like the original, by George Abbott. (977 9370)

Brighton Beach Memoirs (Neil Simon): If he wasn't sure before, playwright Neil Simon can expect a long run of his funny as well as touching childhood reminiscence now that the Nederlander organization generously decided to name the theatre after the generation's outstanding box office draw. (757 8646)

A Chorus Line (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200)

Carmen (Vivian Beaumont): Peter Brook has done an excellent job in transforming this Lincoln Center landmark into a spruced-up version of his grubbier Paris Bouffe du Nord home for a fast-paced, stripped-down seven-performer, but wholly engrossing version of Bizet. (874 6770).

Noises Off (Brooks Atkinson): Dorothy Loudon brings Michael Frayn's backstage slapstick farce to Broadway in Michael Blakemore's production that includes Brian Murray, Paxton Whitehead and Victor Garber as her backstage conspirators. (245 3430)

CHICAGO

E. R. (Forum): Moving into its second year parodying melodrama in a hospital setting, this emergency room continues its adventures among a young doctor, a receptionist and an authoritarian nurse. (496 3000)

WASHINGTON

Beyond Therapy (Kreeger): Christopher Durang's romantic comedy has all the elements of modern singles life including meeting through the personals column of a newspaper and a scene in a hip restaurant, but it reflects more than explores the shallowness of a surfeit of choices. Arena Stage (488 3300)

As You Like It (Arena): The Napoleonic era with its bows to Romanticism are the setting of Douglas C. Wager's production with Frances Conroy as Rosalind and Tom Hewitt as Orlando. Ends Jan 1. (408 3300)

Agnes of God (Eisenhower): Hysterical pregnancy of a contemporary novitiate makes for emotional heat but *little light in John Pielmeier's melo*dramatic play starring Elizabeth Ashley and Mercedes McCambridge. Kennedy Center (254 3670). Ends Jan 7

LONDON

Dancin' (Drury Lane): Bob Fosse's answer to A Chorus Line makes Wayne Sleep and his Dash company look like the real thing. At least the band is splendid, and so is Jules Fisher's lighting. Anyone who has seen Alwin Nikolais or even Fosse's own All That Jazz need not apply. (836 8108).

Blondel (Old Vic): It is a real pleasure to visit Honest Ed's Old Vic, full of light, space and pleasant stairways. Shame about the show, which not even Paul Nicholas's charm as a troubadour (rhyming with "fondle") in search of both Richard the Lionheart and a hit song can rescue. Blondel finds his king, but not the rhapsody. (928 7616).

Dear Anyone (Cambridge): Jane Lapotaire, without Piaf's songs, is still a very fine musical actress, but Jack Rosenthal's book to lyrics by Don Black and music by Geoff Stephens is nothing except a few Jewish jokes. Ralph Koltai's design for a newspaper office is an impressive steel astrolabe. (379 5299).

Hay Fever (Queen's): Penelope Keith is more "right" for Judith Bliss than were either Edith Evans or Celia Johnson. She is very funny, winsomely autocratic, distracted. The supporting actors roll over without protest. (734 1166).

Pack of Lies (Lyric): Judi Dench in a decent, enthralling play about the breaking of a spy ring in the suburban Ruislip of 1959-60. Hugh Whitemore's script cleverly constructs a drama about betrayal from the friendship of neighbours. The story is based on fact and well directed by Clifford Williams. (437 3686).

The Real Thing (Strand): Susan Penhaligon and Paul Shelley now take the leads in Tom Stoppard's fascinating, complex, slightly flawed new play. Peter Wood's production strikes a happy note of serious levity. (836 2660/4143)

Daisy Pulls It Off (Globe): Enjoyable romp derived from the world of Angela Brazil novels: gym slips, hockey sticks, a clifftop rescue, stout moral conclusion and a rousing school hymn. Spiffing if you're in that sort of mood. (437 1592)

Noises Off (Savoy): The funniest play for years in London, now with an improved third act. Michael Blakemore's brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor. (836 8888)

Little Shop of Horrors (Comedy): Tawdry, camp musical based on a 1960 Roger Corman B-movie about a man-eating plant which revives the fortunes of a Skid Row flower shop. The 1950s pastiche is a bit wan, but the lyrics sharp. The plant grows from cactus-like vulva to piscatorial, blues-singing peach. Ellen Greene repeats her off-Broadway performance which is something like Fenella Fielding only blonde and way over the top (930 2578)

Opera and Ballet

WEST GERMANY

Berlin, Deutsche Oper: The week starts with the new production of Orpheus in der Unterwelt. It is produced by Götz Friedrich and has Julia Varady and Julia Migenes in the main parts. Die Meistersinger von Nürnberg has Rene Kollo and Ann-Marie Häggender. Don Giovanni, sung in Italian, has fine interpretations. The Magic Flute rounds off the week. (34 381)

Hamburg, Staatsoper: Der Liebestrank brings together Guiseppe Taddei, Neil Shicoff and Kathleen Battle. Die Frau ohne Schatten has Lisbeth Balslev, famous for her rendition of the empress, and Gwyneth Jones, who delivers an outstanding performance. There was much acclaim for Arnold Schönberg's new production of Ein Überlebender aus Warschau / Die glückliche Hand / Die Jakobsleiter, shown for the first time in Hamburg. The three one-act operas are produced by Peter Mussbach and conducted by Christoph von Dohnanyi. (331151).

Frankfurt, Opera: Carmen is conducted by the young American Judith Somoghi and has Pari Samar in the *title role. The new production of Die* Trojaner by the controversial East German producer Ruth Berghaus is steered to triumph by Rachel Gettler and William Cochran in the leading roles. The Magic Flute convinces thanks to Elfie Hobarth brilliant as Queen of the Night. (25621).

Köln, Oper: Premiering this month is a new production of Falstaff by Michael Hampe. It has Walter Berry in the title role. Further performances are Hänsel und Gretel, die Fledermaus and Eugen Onagin. (20761).

LONDON

Royal Opera, Coliseum: The only operatic offering of the week is the Royal Opera's multi-lingual, crudely jokey and unstylish Die Fledermaus. Apart from a female Orlofsky, Doris Soffel, it is the mixture largely as before: Hermann Prey, Kiri Te Kanawa, Hildegard Heichele, Josef Meinrad. Placido Domingo, conducting, makes rather heavy weather of the score. (240 1066).

English National Opera, Coliseum: The Excursion of Mr Broucek, Janacek's uneven yet magically inspired opera fantasy, returns to the Coliseum with the same team – Gregory *Dempsey in the title role, Charles* Mackerras as conductor who brought it there in triumph a couple of years ago. The Traviata revival is notable for the Violetta (London debut in the role) of Nelly Miricioiu, one of the brightest young talents on the operatic scene. Last performance of the new Mireille, a disappointment to the eye but a delight to the ear. (836 3161).

Royal Festival Hall (928 3191): Festival Ballet in Nutcracker.

Royal Opera House, Covent Garden: Cinderella and The Sleeping Beauty.

Sadler's Wells, Rosebery Avenue: The Royal Ballet's version of Coppelia, followed by Giselle. This marks the 50th anniversary of Giselle at the Wells (Markova danced it first there on January 1, 1934). The attractive novelty of this season is the presence of the gifted Canadian, Evelyn Hart. (278 8916).

NEW YORK

Metropolitan Opera (Opera House): The first seasonal performance of Mahagonny accompanies Hansel and Gretel, with Gail Robinson as Gretel. Conducted by Thomas Ful*ton in a week that also includes Fi*delio, with soprano Eva Marton as Leonore, conducted by Klaus Tennstedt, and Tristan and Isolde, conducted by James Levine with Hildegard Behrens as Isolde and Manfred Jung as Tristan, Lincoln Center (580 9830).

New York City Ballet (New York State Theatre): performances of The Nutcracker continue until the new year, which sees performances of The Goldberg Variations, Mozartiana and I'm Old Fashioned in a resumption of the mixed programmes of the season. Lincoln Center (870 5570).

WASHINGTON

Washington Opera (Terrace): Gian Carlo Menotti's The Medium and The Telephone, designed by Zack Brown, is staged by the composer with Sheryl Woods and Wayne Turnage in The Telephone, and Nadia Pelle, Beverly Evans and Francis Menotti in The Medium – both conducted by Lorenzo Muti. Kennedy Center (254 3770).

PARIS

Don Quichotte, Ballet in three acts to Ludwig Minkus's music, choreography by Rudolf Nureyev after Petipa, production by Nureyev. Decor and costumes by Nicholas Georgiadis, conducted by André Presser/John Lanchbery at the Paris Opera – Palais Garnier (266 5022).

Vive Offenbach enlivens the festive season at the Opera Comique – Salle Favart (296 0611).

Nikolais Dance Theatre with Nikolais, the genius of a juggler, at the Theatre de la Ville (274 2277).

Duke Ellington's Sophisticated Ladies – a musical by Donald McKayle and Michael Smuin at the TMP-Châtelet (233 4444).

ITALY

Milan, La Scala: Turandot conducted by Lorin Maazel, designed by Franco Zeffirelli with Placido Domingo and Katia Ricciarelli; L'Italiana in Algeri conducted by Claudio Abbado, designed by Jean-Pierre Ponnelle, with Paolo Montarsolo; Giselle conducted by Michel Sasson, choreographed by Giovanni Coralli and Jules Perrot with Carla Fracci, Elisabetta Terabust and Peter Schaufuss.

Winter in St Louis

For the first time since its founding in 1976, Opera Theatre of St Louis is embarking on a winter season, thanks to a Government grant of nearly half a million dollars. The grant recognizes company director Richard Gaddes's ambitions to wean his audience toward more serious works from a strong tradition in musicals, which carries on with productions in St Louis of Tintypes (Repertory Theater), The Cradle Will Rock (Edison), The Streets of New York (Goldenrod Showboat) and I Can't Keep Running in Place (Westport Playhouse). The Opera Theatre is presenting Die Fledermaus in English, but the company is moving toward producing opera in its native language, starting in 1984 with The Flying Dutchman and Kalman's operetta Countess Maritza to tap the large ethnic German community. Now in the midst of a six-year Mozart cycle, the Opera Theatre has already found a local following that inspires ambitions and a widening recognition of its achievements. American Theatre (961 0644)

Music

PARIS

Radio-France – Nouvel orchestre philharmonique conducted by Uri Segal with Arleen Anger, soprano: R. Strauss – 5 Lieder for Orchestra, Mahler – Symphony No 4 (Thur) Théâtre des Champs Elysées (723 4777).

LONDON

Le Nouveau Quatuor with Utako Ikeda, baroque flute, Elizabeth Hunt, baroque violin, Mark Caudle, baroque cello, Paul Nicholson, harpsichord and Nigel North, lute. Telemann and Bach. Purcell Room (Tue). (928 3191).

Royal Philharmonic Orchestra conducted by Howard Williams with David Russell, guitar and Malcolm Binns, piano. Falla, Bizet, Rodrigo, Chabrier and Ravel. Barbican Hall (Wed). (638 8891).

Guildhall String Ensemble: Handel, Elgar, Mozart, Britten, Shostakovich. Queen Elizabeth Hall (Thur). (928 3191).

Varèse Ensemble conducted by Martin Pring. Works by David Bedford, Tim Ewers, Gregory Rose, Walter Fabeck and Harrison Birtwistle. Purcell Room (Thur).

ZURICH

Tonhalle: Hanni Schmid-Wyss, piano (Wed); Werner Baertschi, piano. Haydn, Nielsen, Liszt and Beethoven (Thur).

NEW YORK

New York Philharmonic (Avery Fisher Hall) Kurt Sanderling conducting, Shlomo Mintz violin. Moussorgsky, Shostakovich, Prokofiev, Schubert (Tue); Kurt Sanderling conducting. All-Mahler programme (Thur). Lincoln Center (874 2424).

WASHINGTON

Concert Hall National Symphony Pops programme (Thur). Kennedy Center (254 3776).

CHICAGO

Chicago Symphony (Orchestra Hall) Claudio Abbado conducting, Ken Boda piano. Beethoven, Mahler (Thur). (435 8111).

Exhibitions

LONDON

The Hayward Gallery: Raoul Dufy – a timely reminder that this hero of countless chocolate boxes and postcards, the acceptable face of modern art, was not only a significant painter but a Fauvist of peculiar character, a follower but no slave of Matisse, who later developed into a decorative artist of the first importance. His elegantly perfunctory notation, and his characteristic imagery – white sails in the bay, palm trees below the balcony, bright silks against the apple green of the racecourse, have been taken up and broadcast endlessly by lesser talents. His fabric designs and tapestries are especially remarkable in a beautiful and necessary exhibition. Ends Feb 5.

Royal Academy: The Genius of Venice – we are treated to a show in the grand old manner of the Royal Academy's Winter Exhibitions. It treats us to exclusively the painting and, to a lesser extent, the sculpture, that Venice produced in the 16th century. If Bellini and Carpaccio are honoured more by their absence, since the panels now are just too fragile to travel (though the Lion of St Mark's is Carpaccio's), there is so much that has been brought in from all over the world that compensation is hardly the word. So, from the shadowy, speculative presence of Giorgione in the beginning, to the emotional extravagance of Tintoretto filling the lecture room at the end, and in between the great spaces of the Academy filled with Titian, Veronese, Bassano, Lotto, et al., we are indulged in a way unlikely ever to be repeated in our time, if at all. Ends March 11

PARIS

Raphael: Three exhibitions pay homage to the great Renaissance painter – born 500 years ago. The Grand Palais assembles, for the first time, most of the paintings and drawings from French museums, among them Le Petit Saint Georges, La Belle Jardinière and Balthazar Castiglione's portrait. Another exhibition shows Raphael's influence on French art from the 16th century to the present. Grand Palais (2615410). Closed Tue, Wed late closing. Ends Feb 13. The Louvre completes the anniversary celebrations with an exhibition of the most brilliant of Raphael's collaborators, among them Giulio Romano, and of his disciples. Louvre, Cabinet Des Dessins (260 3926). Closed Tue. Ends end of Feb.

Balthus – in collaboration with the Metropolitan Museum 50 paintings and as many drawings are shown in the secretive painter's first retrospective revealing a universe peopled with adolescent girls and cats in an atmosphere of troubling innuendoes. Centre Georges Pompidou. Closed Tue. Ends Jan 23 (277 1233)

Cycladic Art from the N. and D. Goulandris Collection – more than 200 remarkable items dating from the third century B. C. are being shown at the Grand Palais before returning – definitely – to Athens. Grand Palais (ends Jan 9). Closed Tue, Wed late closing night 10 pm (261 5410)

Turner (1775–1851): the exhibition traces the creative development of the artist who, although steeped in the great landscape-painters' tradition of the 18th century, becomes – through his fascination with the effects of light – one of the forerunners of abstract art. Grand Palais (Ends Jan 16). Closed Tue (2615410)

NEW YORK

Cantor Sculpture Centre: Set against a spectacular view of New York atop the World Trade Tower, 35 Rodin sculptures are displayed in the enlargements and reductions carried out by Rodin collaborator and reproducer Henri Lebosse. One World Trade Center, 105th storey

Kandinsky (Guggenheim): More than 300 works limited to the early Russian and middle Bauhaus periods from 1915 to 1933 is the second in the museum's comprehensive reconstruction of Kandinsky's peripatetic and prolific career. Also included in the show are the works of contemporaries including constructivists like Malevich and Lissitzky as well as German and Bauhaus artists like Moholy-Nagy Miles van der Rohe and Paul Klee. Ends Feb 12.

Willem de Kooning (Whitney): This major retrospective with 250 works covering the artist's entire career is divided into drawing and painting and sculpture sections. Half the exhibits are drawings and there are 25 sculptures. Ends Feb 19.

WASHINGTON

National Gallery: Art of Aztec Mexico combines works confiscated during the Spanish conquest of 1521 with the unearthing in 1978 of the Great Temple of Tenochtitlán, capital of the Aztec empire, in central Mexico City. The most comprehensive Aztec art exhibit ever mounted in America reflects the religion that suffused the Aztec culture, with gods performing sacrifices that had to be repeated by man in order to keep the sun moving across the sky and the cosmos working. Ends Jan 8

CHICAGO

Museum of Contemporary Art: 46 paintings of Superrealist Malcolm Morley trace the British-born painter's style from its origins in abstract works through Pop art to the ocean liners based on postcards that show the photo-realist influence of his self-styled Superrealism. Organised, originally by the Whitechapel Gallery in London, the show includes recent pastoral landscapes with beach scenes and animals. Ends Jan 22

WEST GERMANY

Berlin, Akademie der Künste, 10 Hanseatenweg: Designs, furniture, drawings and publications by Adolf Loos, the Austrian architect and master craftsman (1870 to 1933). Ends Jan 15

Brunswick, Herzog Anton Ulrich Museum, 1 Museumstrasse: French Painting from Watteau to Renoir has 70 landscapes, still lives and portraits from the 18th and 19th centuries. Ends Jan 22

Bremen, Kunsthalle, 207 Am Wall: A survey of the work of Odilon Redon (1840 to 1916), the French symbolist painter. It comprises 200 oil paintings, pastels, drawings and graphics. Ends Jan 22

Hanover, Kestner Gesellschaft, 16 Warmbüchenstrasse: Expressive paintings and coloured bronze sculptures by Sandro Chia, created by the Italian "fauve" artists between 1975 and 1983. Ends Jan 22

Düsseldorf, Städtische Kunsthalle, 4 Grabbeplatz: Picasso sculpture. The 197 pieces – made of wood, plaster, bronze, wire wrapping and rolled iron sheets – span all periods. Ends Jan 29

Frankfurt, Jahrhunderthalle Hoechst, Pfaffenwiese: Water colours, drawings and documents from between 1904 and 1967 by Erich Heckel, the German expressionist and co-founder of the Brücke school of painting, exhibited on the occasion of his centenary. Ends Jan 8

Munich, Haus der Kunst, 1 Prinzregentenstrasse: The museum is showing chiefly Heckel's early work. There are paintings, drawings and watercolours. Ends Feb 2

Hanover, Wilhelm Busch Museum, 1 Georgengarten: The first venue of the roving exhibition with 176 etchings and lithographs by George Cruikshank, the British cartoonist. Ends Jan 8

HOLLAND

Irish Culture from 3000 BC to 1500 AD in Amsterdam's Rijksmuseum until Feb 28. The Book of Kells, the most magnificent illuminated version of the gospels in Europe, is joined by a hoard of bronze, silver and gold treasures, all finely wrought and many of them encrusted with jewels – a reminder that long before its present troubles, Ireland had its golden age and was the last repository of Western art and learning to fall to the Vikings.

One hundred paintings by modern Dutch artists at the Stedelijk Museum, Amsterdam. Until Jan 8.

THE ARTS


Woody Allen in Zelig, and Theresa Russell and Rutger Hauer in Eureka

Cinema in 1983/Nigel Andrews

The idols come crashing down

The breathless moment has come. With cries of "Eureka!" as the aureate or argent envelopes are torn open, we identify the men, women and films who have stormed the gates of excellence in 1983: although such has been the state of things this year—especially in an American cinema ravaged by nostalgia and Zeligitis (the tendency of new films to seek safety in slavish imitations of earlier films)—that it's a daunting selection. Any individual choice is likely to lead to quiet tut-tutting or open quarrelling in the streets.

This time last year we were all bowing down before that saucer-eyed Messiah, ET. He responded to our enthusiasms like a true showman (Leave them wanting more) by getting into a spaceship at year's end and disappearing aloft. With him went most of our hopes for a new breed of box-office saviours; for it's been a year devoid of miracles. Not least in Hollywood, where people have woken up every day to the sound of clay-footed idols crumbling into the Pacific. Steven Spielberg directed one episode (the worst) in *The Twilight Zone*. *Star Wars* maestro George Lucas completed the saga's third and feeblest part *Return of the Jedi* (though it climbed incorrigibly to the top of the charts). And no sooner did emergent whiz-person John Badham soar to praise and profit with *War Games* than he hit a cross-wind with *Blue Thunder* and tail-spun straight back to the ground.

The only true miracle of 1983 is that we haven't yet had an *ET 2*. (Film titles are beginning to sound like obscure chemical formulae.) Not that another glimpse of the wonky-eyed alien would be unwelcome; but who would wish him to join the currently desperate monsoon of poor sequels? *Superman 3* ran *Return of the Jedi* a close second as the year's worst blockbuster trequel. *Friday the 13th* and *Jaws* entered their tertiary phase with the unhelpful embellishment of 3D. ("The third dimension is terror!" shrieked the posters, with all the subtlety of an insurance salesman at a party.) *Saturday Night Fever* begat the dreadful *Staying Alive*. And Sir Alfred Hitchcock's remains must have gone into automatic spin at the appearance of *Psycho 2*.

However, Sir Alfred was also a beneficiary of the year's one major upbeat trend. American cinema, no doubt propelled by present artistic poverty into wondering how much its old masters would fetch at the critics market, began dusting off the said masters. A whole army of ancient or not-so-ancient art-works promptly marched forth. We were given 20th Century Fox's "restored" *The Leopard*, United Artists' "complete" *Heaven's Gate*, Warner Brothers' "reconstructed" *A Star Is Born* and from Paramount no fewer than five "lost" Hitchcocks.

If it takes a crop of modern-day clinkers to coax the moguls into unbosoming the best of their old films, and burnishing them up anew then all hail to the clinkers. It proves the Andrews Theory that bad art can be as salutary as good art in the right circumstances, and both should be allowed to flourish in a free market.

> 'It proves the Andrews Theory that bad art can be as salutary as good art in the right circumstances.'

However, let us not make the error of rescuing notable old films from purdah while putting notable new ones straight into purdah in their place. Nicolas Roeg's MGM-financed *Eureka*, the best film by a British director this year, is the latest and most shocking casualty: withdrawn from public view so that it can function as an exhibit in the ongoing legal imbroglio concerning ex-studio chief David Begelman. Since when have works of art had to become a shuttlecock in the courts of justice? And if they are so employed, why must they disappear from the public domain with no apparent prospect of a recall?

Nothing could be more depressing than a film industry divided into two irreconcilable but hypocritically coeval estates one harvesting applause by acts of old-product resurrection, the other killing off new products by stupidity or malice. The original version of *Heaven's Gate*, thank Heaven, at last got free of the cutters and would-be killers in 1983. May *Eureka* emerge likewise in 1984.

European cinema is not suffering from America's schizoid attitude to movie survival. But it is suffering like America from a dearth of new talent. The Cannes and Venice film festivals this year were like march-pasts of the veterans. Fellini, Godard, Olmi, Chris Marker, Wajda Imamura all soldiered across the skyline, weighed down with past ribbons and medals, to win yet more prizes and plaudits. And in Britain all the outstanding foreign films have come from well-known names: Antonioni (*Identification of a Woman*), Wajda (*Danton*), Truffaut (*Finally Sunday*), Bresson (*L'Argent*), Tarkovsky (*Nostalgia*), Wenders (*The State of Things*), Bergman (*Fanny and Alexander*) and Fassbinder (*Querelle*, *Veronika Voss*).

Two things are possible. Either new film-makers are finding entry into a contracting film industry as difficult as the camel i' the adage, negotiating the famed needle's eye. Or, the imperfect vision of film critics' is not spotting the new white (or black) hopes.

As cinema and video elide and collide, furthermore, few producers or directors seem to have any appetite for confronting this two-pronged future. A rare exception is Francis Ford Coppola, who confronts it every year with new, some would say kamikaze, courage: tending to sell his studio, mortgage his house and all but pawn his wife and children in a brave attempt to harmonise—and even cross-breed—the warring worlds. Not only does Coppola use video as a major technical aid in filming; solving problems of colour or lighting or special effects that would otherwise be arduous or insuperable. But both *One From The Heart* and *The Outsiders* try to paint their stories in colours so bold and design so primary and surreal that they could survive almost any TV or video miniaturisation. Unfortunately what they won't survive is their own threadbare screenplays, and Coppola's worst enemy is still his own choice of material.

It's no wonder, with such frantic head-scratchings over the future of the form, that cinema today finds itself in the most self-scrutinising era in its history. A large proportion of the year's best movies were "about" cinema: whether it was Wenders's *The State of Things*, with its bankrupt film crew high and dry in the Estoril, or Antonioni's *Identification of a Woman*, with its film director hero questing for an elusive heroine, or Fassbinder's *Veronika Voss*, about a fading German movie diva, or Jim McBride's *Breathless*, paying almost word-for-word homage to Jean-Luc Godard's original film, or Woody Allen's *Zelig*, which is a comic jest by the cinema for the cinema about the cinema: panhandling for truth amid the very processes of imitation and iconisation encouraged by moving pictures.

These and other films (see below) ensured that a sometimes wilting year was stiffened by fresh doses of quality and imagination. On the other hand the 1983 Lead Balloon Award must be shared between 10 films, all noted for the reckless certainty with which their loudly launched ideas plummeted earthward: *The Dark Crystal*, *Monsignor*, *Party Party*, *Frances*, *Lovesick*, *The Wicked Lady*, *La Traviata*, *Krull* and *Man, Woman and Child*.

Pausing only to hand a Most Promising Newcomer prize to Barbara Carrera, the outstandingly dotty *femme fatale* of *Never Say Never Again*, and a Most Bravely Uningratiating Comeback prize to Jerry Lewis for his role in *The King of Comedy*, I hereby name the 10 best films of 1983.

L'Argent
Breathless
Danto
Eureka
Heaven's Gate
Identification of a Woman
Nostalgia
Querelle
The State of Things
Zelig

New York Opera/Andrew Porter

The Met's new Ernani

The Met has two new productions in its proud centenary season—*Ernani* and *Francesca da Rimini*—along with a *Rinaldo* (already seen in Ottawa) which comes as a gift from Canada. *Ernani* is the first to arrive.

The Met first did the opera in 1903, with Sembrich and Scotti. In the twenties, there were performances with Ponselle, Martinelli, Ruffo, De Luca. Rudolf Bing brought in a new production in 1956, with Milanov (later Leontyne Price, Arroyo), Del Monaco (Corelli, Bergonzi, Domingo), and Warren (MacNeil, Milnes). In fact in New York *Ernani*, like *Boccanegra*, has been more of a repertory piece than elsewhere. It is an exciting opera when it is performed with spirit, with vocal bravura wedded to dramatic conviction. But the Met's new *Ernani* is a dismal affair.

The designer and producer is Pier Luigi Samaritani. To start with, he has dulled any dramatic impact by placing everything, quite needlessly, behind an obtrusive front gauze. Pulling out the gauze wouldn't save things. The sets are towering, mannered, vulgar, suggesting shopwindow displays inflated, and conceived without regard for the striking dramatic entrances of the opera or the dynamics of its action. Verdi "saw" *Ernani* before he began to compose it; his letters are proof of that. The sudden confrontations of Hugo's drama suggested the musical forms. Joseph Kerman footnoted his structural analysis (in Soundings) of Charles's monologue, "De' verd'anni miei," with an injunction to designers to find a scenic analogue for the powerful coda, as Charles makes his exit into Charlemagne's tomb. This Charles slunk into a little broom-cupboard in the base of an equestrian statue and skulked there until the time came for his noble, grandly magnanimous reappearance ("Perdono a tutti"), which was similarly diminished.

Nevertheless, such dramatic life as the show had came from Sherrill Milnes's Charles. Something seemed to be going on his head. There was some response to the character, the situations, and the music. On the first night, he began in poor voice but then recovered. The other principals — Leona Mitchell as Elvira, Pavarotti as Ernani, and Ruggero Raimondi as Silva — were ciphers. Miss Mitchell, a promising Amelia (in *Ballo*) a few seasons ago, has neither the flash nor the fluency that Elvira needs, and she was dressed as a dumpy little doll with puffed sleeves, puffed blouse, and unfortunate headdresses. At the performance before the one that was telecast to Europe (but not in America), Pavarotti didn't even bother to sing in the ensembles but simply stood about smiling until a tenor-solo phrase appeared.

The production was inept. In the trio that constitutes most of the last act, the three singers stood ranged in a line, as if before microphones in a recording studio, and no spark of tension passed between them. It wouldn't have happened in Milanov's day. Have modern singers become so cowed by, so reliant upon, dictatorial producers that without one they're lost, characterless, inert?

James Levine slogged through the score with coarse, insistent energy. The bass cabaletta, "Infin che un brando vindice," which may be by Donizetti (who supervised the Vienna production at which it was probably first sung, and had been given carte blanche by Verdi to tailor the score to the cast) was included. And so, in place of the duet that should close Act 2, was the insert tenor aria "Odi il voto," which Verdi composed at Rossini's request, for Ivanov. It's quite a good piece. As Julian Budden remarks, its inclusion means that "dramatic values are quite overthrown" and "there is no attempt to sustain the momentum of the scene," but that hardly mattered in a production that had no dramatic momentum. Pavarotti, however, is no Ivanov.

Mr Broucek/Coliseum

Max Loppert

Janacek's *The Adventures of Mr Broucek* is back with the English National Opera five years after its first showing at the Coliseum. The interval was too long. This opera—comedy, satire, fantasy, and historical epic in one, not sustained for long on any of those levels but a magically elliptical and unpredictable voyage through them all—is quite unlike any other, and as given in Colin Graham's production conducted by Charles Mackerras, it here surmounts all possible obstacles to provide an evening of special enchantment. Wonderful to have it back!

And wonderful that it should be, on the whole, so well sung, played, and acted; for after all the pitfalls, for an English opera company, in moving from a quiet suburban evening in Prague through Janacek's slightly incoherent lunar satire on arty pretentiousness backward to an unfamiliar slice of Czech history are immense. Mr Graham's production and Peter Docherty's sets strike a tone of cartoon-style fancy which does not exclude moments of genuine poetry; the various quick transformations were on Friday not quite free of creaks, yet it was quite clear, by performance end, that the opera's special character had been caught and communicated, for what could so easily be allowed to degenerate into whimsy had amounted to a fully rounded and totally captivating experience.

In the title role Gregory Dempsey returns to Britain after a long absence. As an example of the singing actor's mastery on the London stage this year, his Broucek—overweening, craven, absurdly self-important yet always credible and sympathetic — has been equalled only by Günter Reich's Schön in the Royal Opera *Lulu*; in both cases, command of the music forms the rock-solid basis of the portrayal. As before, Geoffrey Chard and Stuart Kale do splendidly in their multiple roles; newcomers of whom the same can be said include Eric Shilling, Christopher Booth-Jones, and Bonaventura Bottone.

The "young couple" in each of the locations, Patricia O'Neill and Alan Woodrow, though neatly in character, are vocally less suitably equipped than their predecessors, and so the opera's streak of romantic warmth is a touch cooled. One of its most peculiarly stirring passages is "the vision of the author" which comes upon the drowsing Broucek before his adventure into the 15th century; John Treleaven's strong tenor made surprisingly little of it.

Alastair Muir

Patricia O'Neill and Gregory Dempsey.

The last word, once again, must be with Mackerras and the orchestra, who respond to the nuggety angularities and sudden burst of radiance in the score with thrilling ease and naturalness. Mackerras paces the two parts as though their dramaturgy were as straightforward as *Bohème*; the wealth of knowledge, experience, and simple "knack" in his conducting is evident in the flow, colour, and apparently spontaneous vitality of the whole evening (and in the quantity of audible text). Not to be missed.

The Police/Wembley Arena and Bucks Fizz/Apollo Victoria

Antony Thorncroft

Two contrasting but equally acceptable faces of popular music are on display in London this week: the Police are playing for the mainstream rock enthusiast at Wembley while Bucks Fizz is entertaining a family audience at the Apollo.

While the actual sounds on stage clash starkly — the Police cover accessible melodies with a macho world weary brutalism while Bucks Fizz package more complex songs with escapist fantasy and lip gloss — both bands are professional and a safe buy. Indeed so safe have the Police become that their concerts are being sponsored by Guinness, the result no doubt of some merry meetings between their respective marketing men and accountants.

Bucks Fizz are more fun. For a start they have invested in a set, four staircases which flash with neon down which Cheryl and Jay and Bobbie and Mike (*the names say it all*) *trip*. Whether the boys are prettier than the girls is a moot point; they certainly allow the girls, pert Cheryl and provocative Jay, to dominate them, and hog all the best costume changes. Jay is an obvious exhibitionist —she exhibits a lot, while Cheryl is the only one apparently capable of coherent conversation.

But with a really excellent band and songs which, while never shaking off the feeling that they were composed by a continental computer nevertheless contain interesting phrases, ensure that Bucks Fizz put on a lively show. When they slip *out of their packaging and do* solos of old rock numbers it looks unnatural but the finale of hits and Christmas songs accompanied by tumbling snowflakes finds Bucks Fizz back in their soft-centred heart-land.

The Police are now completely dominated by Sting. Wearing an Inca robe (in mock imitation of Boy George?) he pushes the trio through ninety minutes of mature rock, mixing lyrically ambitious songs like "Spirits in the material world" with the succinctly simple "Every breath you take." The Police are mature musicians who absorb current musical fashions without letting them *dictate their style*. *Sting's* powerful personality now puts drummer Stewart Copeland and guitarist Andy Summers in the shade but the band blended well, and, without the aimless solos of past performances, awed rather than amused by their mastery of the transient pop song.

Danza Teatro Koros/Rome

Freda Pitt

It is rare for British choreography to be on show in Italy and rarer still for it to be performed by an Italian company. Ashton's La Valse for La Scala is the only forerunner that comes to mind, since Kenneth MacMillan's *pas de deux* for Elisabetta Terabust and Peter Schaufuss was made in London.

Now, at a rather more modest level, Derek Deane – the latest choreographer to emerge from the ranks of the Royal Ballet – has created an unpretentious but well-made and interesting piece for a small group called Danza Teatro Koros, which has been in existence for under a year but already looks better than most Italian companies.

The Chopin music chosen (for piano and orchestra – on tape) is not so popular as to pre-empt our acceptance unfairly, and the atmosphere is one of establishing relationships rather than romanticism. Whereas in England, Deane has been concerned exclusively with *pas de deux*, this work uses a cast of nine.

The numbers are cleverly alternated, and the dancing flows smoothly except for a reprehensible hiatus when the stage is left empty before the final ensemble. One or two of the complex lifts were to obviously difficult, otherwise the work can be considered an excellent addition to the company's small repertory.

The attractive lilac, cyclamen and blue costumes were also designed by the choreographer.

Deane should not, though, have chosen the title Chopiniana. Perhaps he does not realise that this title is still extant in Russia for what we know as Les Sylphides.

Janine Charrat was the guest choreographer in the group's summer programme (its first). Since the performances on December 7 and 8 were the first in Rome, I think it would have been preferable to show her ballet with Deane's and a limited sample of choreography by Massimo Moricone instead of three works.

Despite the basically unconvincing idea of dragging the men about by their improbable neckwear, the opening Stravinsky ballet, Ties, in neoclassical style, made the best impression and was notably well danced by the whole group, led by Patrizia Natoli and Moricone. The two more self-consciously "modern" pieces, though also well danced, were more uncomfortably derivative.

It was a pity nowhere more suitable could be found for the Rome debut than a chilly and unprepossessing suburban cinema, the Orione, where a crumpled grey curtain did uneasy duty as a backcloth for the whole programme.

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Early warning from Paris

TWO YEARS ago the OECD in Paris produced a report on some joint studies of welfare expenditure in member states and produced a depressing report entitled Crisis in the Welfare State. This line of thinking has roused some quite strong echoes *in this country* — the now-abandoned study by the Central Policy Review Staff, and Mr Nigel Lawson's open invitation to a re-examination of the whole of public expenditure. Meanwhile, the studies in Paris have moved on, and to judge from the interim draft reported today, their progress has been reassuring. If the developed countries freeze the share of national income now going to welfare in its broadest sense, we will be able to muddle through for several more decades; even on the gloomiest growth forecasts, only small, niggling cuts in standards will be required.

Crisis of pensions

Hard-pressed politicians will require little further invitation to let the whole embarrassing issue drop again; but this would be a profound mistake. The study — just the kind of thing the OECD does best — makes it clear that this is altogether a third-best solution.

It points out that too much *of our present spending* is muddled and ineffective — a large administrative effort to take money from taxpayers and give it back to them in another guise, a process characterised as "churning." In addition, some programmes — notably health — have a Topsy-like predisposition to grow, as the supply of new technology creates its own demand. Imposing a standstill will be a matter of continuous and politically costly struggle.

Finally, there is an important early warning: the much-heralded demographic crisis of pensions, when the post-war baby bulges reach retiring age, will not set in until about the year 2010; but the future pensioners are already contributors and will expect what they are now paying for unless the terms are changed soon.

In muddling through, we are likely to cut ourselves off quite early from the full potential of further medical advance, and find it hard to pay for the higher standards of education and especially of vocation training which will be required to create job opportunities in the years to come; and in 25 years *or so, we will run into a full-scale* financial crisis over pensions. Better management is not an answer that can be called in aid; all concerned are no doubt doing their best, and there is no reason to expect any great leap forward. The call for efficiency, like the repeated promises to cut out waste, is largely a formula to avoid facing awkward questions.

The questions are indeed awkward. First, as the OECD points out, there are strong reasons for thinking that the free and universal provision of anything is likely to lead to a misallocation of resources. Market disciplines do help—that is the rationale of prescription charges in our own National Health Service, introduced by a Labour government more than 30 years ago to discourage trivial demands.

Education charges

There is a case for applying this approach much more widely—notably in education, where loans or charges for tertiary education might do more than any official interference to ensure that the subjects studied have some vocational relevance, and at no threat to academic freedom. For pensions the radical question is whether the state has any business providing income-related retirement income at all. There are some smaller but equally horny questions: is the education system becoming ossified, for example, because falling school numbers have left the system in the hands of ageing and increasingly out-dated teachers?

Nettles like these are the sort which politicians will skirt with the greatest care; but they must be faced if we are not to subject welfare to endless slow haemmorhage. The OECD study makes a strong case for a national one, looking at our own local problems. Mr Lawson should press his invitation.

A test for the takeover code

THE CURTAIN will fall on the long-running Eagle Star takeover drama at 4.30 this afternoon, the deadline imposed by the takeover panel. It is still not clear whether the two bidders, Allianz Versicherung and BAT Industries, will be able to arange a last-minute truce, or whether the affair will go to a sudden-death duel involving sealed envelopes. Either way, it may seem a strange method of deciding the outcome of a near-£1bn takeover battle, and of determining the future of one of Britain's largest insurance companies.

In the 15-year history of the panel there has been no comparable case of rival bidders still being locked in combat at the end of the maximum permitted period for takeover offers. No bid can last more than 60 days (and cannot be altered after Day 46). Allianz has repeatedly employed delaying tactics — so that on one occasion an offer had to be dragged out of it by the panel — and the constant speculation in the market has kept the share price above both rival offers so that it has not been possible for either side to resolve the issue in the normal fashion by buying through the Stock Exchange.

Two-tier structure

Of course, it is highly unusual for a German company to be involved in a competitive bid battle of the kind which is normally confined to Britain or the U.S. Allianz's own original preference was for the kind of association — marked by minority shareholdings and close trading relationships—which is more typical of continental Europe.

Moreover, the two-tier structure of German companies, involving a supervisory board as well as executive directors, does not make it easy for a company like Allianz to take the quick-fire decisions required in a London or New York competitive bid auction.

These national differences in approach partly explain the repeated requests for more time, more information and more discussions. But it is also true that Allianz has top-flight London advisers in the shape of Morgan Grenfell, and there must be a strong tactical element in its tardiness, bearing in mind that it has been preparing the groundwork for this bid for more than three years. In any case, if Allianz wishes to take advantage of the facilities of London's capital markets to further its plans for expansion, it must expect to follow London's rules. At least Allianz has been allowed free access to the UK insurance sector; most observers assume that a comparable foreign offer for a large German insurance company would be blocked by the authorities.

The takeover panel can be criticised for being rather too tolerant of foot-dragging by Allianz earlier in the Eagle Star affair. A little more urgency earlier on might have avoided the disadvantages of a potential shoot-out this afternoon. But the panel was right to decide, in the end, not to make exceptions and to enforce the deadline.

To have done otherwise would have been to establish new precedents and add further complications to the letter and practice of the takeover code. Already the code has become too unwieldy. What started in 1968 as a document of around a dozen pages has become swollen, in its present edition, to something like a hundred pages (much of which, admittedly, consists of practice notes on case histories rather than extra general principles or rules).

Case histories

The proliferation of rules and precedents has gone far enough if the takeover code is to be operated with speed and effectiveness. Bidders are already able to exploit technicalities and argue on the basis of case histories, whereas the whole concept of self-regulation in the financial markets is based upon the implementation of the spirit rather than the letter of the rules. In the takeover arena this can work much better than, say, the elaborate legal apparatus of the U.S. Securities and Exchange Commission, which has been left standing by much of the takeover manoeuvring of the past year or two on Wall Street.

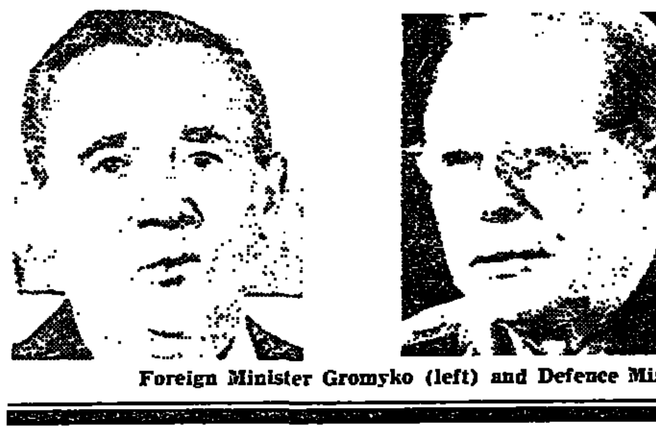
Of course, the principle of a minimal framework of rules combined with extensive powers of discretion on the part of the takeover panel has to be applied with great sensitivity. The panel could easily seem to be arbitrary in its decisions. But in practice, this need not be too great a danger so long as there is a clear idea of what the panel is seeking to achive in terms of the protection of shareholders.

In some ways the battle for control of Eagle Star has caused serious difficulties for the takeover panel. But the response must be to strengthen its original principles, not to attempt to fine-tune the rule book.

The Soviet Union

The spectres that haunt the Party

By Anthony Robinson



Foreign Minister Gromyko (left) and Defence Minister Ustinov: key supporters of Mr Andropov (right)

TWO SPECTRES haunted this week's proceedings of the Soviet Communist party central committee plenary session and the Supreme Soviet. The most obvious was that of the absent leader, Mr Yuri Andropov.

The second was the spectre of increased competition from a militarily stronger U.S. and what appears from Moscow to be a coalition of hostile forces made up of Nato, Japan and China which share a common concern over the SS-20 missile, the symbol *par excellence* of Soviet military might.

This has revived all the old Soviet fears of encirclement. It appears to have converted the Soviet military into a supporter of economic reforms designed to modernise the economy and make it capable of producing the sophisticated electronic weapons needed to compete with the West in the 1980s and beyond.

Traditionally, the combined winter session of the Soviet party and "Parliament" takes place in early November and is devoted to discussing the next year's state budget and economic plan.

This year both meetings were delayed until the last possible moment in the hope that Mr Andropov, who is suffering from kidney and other serious ailments and has not been seen in public since August 18, would be able to chair both meetings in his capacity as party leader and head of state.

These hopes were dashed, although the promotion of Mr Vitaly Vorotnikov and Mr Mikhail Solomentsev to full voting membership of the Politburo, and KGB chief Viktor Chebrikov to non-voting candidate Politburo membership strengthens the grip of the Andropov faction in the leadership.

It continues the process of weeding out supporters of former leader Leonid Brezhnev, who are represented at the *highest levels of Soviet power* by Mr Konstantin Chernenko—a process which has gathered pace at the lower and intermediate levels of Soviet power since Mr Andropov took over in November 1982.

Mr Andropov's health has been shaky for years. Even before his promotion he was frequently ill, only to re-appear later looking physically frail but with his mental faculties unimpaired.

He can be expected to continue as the titular head of the Soviet Union and exert powerful influence behind the scenes as lang as he retains his mental ability. As yet, there are no discernible signs of a new coalition of forces behind any clearly defined heir apparent, and no sign of weakness in the two men who are Mr Andropov's main backers and in the powerful institutions which they represent.

The two principal pillars of Mr Andropov's support are Marshall Dmitri Ustinov, the Defence Minister, and Mr Andrei Gromyko, the venteran Foreign Minister.

Mr Andropov emerged as the new leader because his experience as a former ambassador and high party official as well as KGB chief was felt to give him the kind of wide-ranging internal knowledge of the Soviet Union and its responsibilities as a world power which his main rival Mr Chernenko, whose career was spent entirely inside the party apparatus, did not have.

In the eyes of the men who control the powerful Soviet security, foreign policy and military establishments, Mr Andropov is probably still regarded as the best leader the Soviet Union has in what Mr Andropov himself described on Monday as "a sharply aggravated international situation."

This perception could change *rapidly*, however, if Mr Andropov's ill-health deteriorates to the point where his mental abilities are also affected. Already his prolonged absence must have sharpened the search for a successor, or successors. Given the relative inexperience of the three main

Military support for modernising the economy

potential contenders—Mr Grigori Romanov, 60, Mr Mikhail Gorbachev, 52, and Mr Vitali Vorotnikov, 57—the next phase could well be a form of collective leadership similar to that which emerged after the death of Stalin and the ousting of Mr Nikita Khruschev.

But whichever individual or group eventually emerges after Mr Andropov will have to enjoy the support of the powerful coalition which backed him. Above all, it seems, they will have to convince the power brokers that they can improve the parlous state of the economy, so as to guarantee continuing Soviet military and political strength.

The twin priorities of Mr Andropov's first year in power were an attempt to dissuade Nato from installing cruise and Pershing missiles in western Europe — which failed — and a new drive to impose greater discipline and efficiency at home.

His attempt to shock, educate and cajole the Soviet people into working harder appears to have had modest success. It has been accompanied by moves to eliminate bottlenecks in key sectors like transport, power and distribution, and by the promotion of younger, better *educated technocrats into key* positions.

On January 1 a limited experiment will begin in giving greater managerial responsibility to two important industrial ministries and three provincial industrial centres. This could mark the start of wider reforms of the planning system and price structure.

Looking back, however, Mr Andropov's attempt to squeeze greater efficiency and higher productivity out of the Soviet system originated in the last days of the Brezhnev regime at a crucial meeting involving the Soviet military top brass.

In his meeting with army and navy commanders in the Kremlin on October 27 1982, Mr Brezhnev spoke of a new "political, ideological and economic offensive on Socialism" waged by the U.S. and its allies who had also "raised the intensity of their military preparations to a new level." He re-assured the military that the leadership would continue to give the Soviet forces all that was necessary to maintain their effectiveness but added that "policy is effective only when it relies on the *economic* and military strength of the state."

Mr Brezhnev is believed to have been persuaded by Marshall Ustinov to convene this meeting in order to re-assure the military. They were growing increasingly concerned by the decline in Soviet economic performance, the poor showing of Soviet weaponry in the Lebanon war against U.S.-supplied Israel, and the rapid improvement in both the numbers, and above all the quality, of Western arms made possible by higher U.S. and Nato budgets.

The Soviet military were clearly clamouring for more resources to compete. Mr Brezhnev's job was to re-assure them that their needs would be satisfied *as far as* possible, while pointing out that if they asked for too much the economy would suffer—and that in the long run this would weaken the base upon which Soviet military and political power was founded.

The only way out of this conundrum would be a substantial increase in the efficiency and productivity of the Soviet economic system—at a time of tighter high technology export controls by the West and lower prices for Soviet oil and other exports. From this point on, the military appear to have emerged as powerful advocates of the kind of economic reforms now being introduced by Mr Andropov.

If so, this represents a major change in Soviet politics and fits in with public evidence of a greater assertiveness by the Soviet military. It was Marshall Nikolai Ogarkov, the Chief of Staff, who explained why Soviet fighters shot down the South Korean jumbo jet over Sakhalin Island in September, and he gave a second televised press conference two months later to exlain why the Soviet Union had decided to walk out of arms control negotiations in Geneva.

Under the Soviet *nomenklatura* system all top positions — be they military or civilian — are reserved for party members and the military is well represented both in the central committee and the Politburo.

The Party likes to present itself to the world outside as a monolith. But the influence of individuals and groups within it depends largely on the institutional backing they also enjoy — and the military institution has been growing in influence for a long time. It is a trend which President Reagan recently described as deeply disturbing.

Hitherto the military, and the vast army of planning and party bureaucrats, have been considered opponents of radical change in the comand economy system.

After all, it was a system which served the military well. By setting priorities and allocating resources from the centre

Impose greater discipline and efficiency

Soviet leaders have been able to ensure top priority development for the military sector which now consumes between 13 and 16 per cent of the GNP and a far higher proportion of the best human and material resources.

The problem has been that the system set up by Stalin was effective in building up a heavy industry base, at the price of enormous human and material sacrifice, but has proved increasingly less capable of ensuring technical innovation and the development of a sophisticated high-tech industry to match the enormous breakthroughs achieved in the West.

What is more, the Soviet Union no longer enjoys the virtually limitless supplies of cheap and easily available raw materials and energy now that the economic axis has shifted to the distant and expensive wastes of Siberia and the frozen north.

What this means for the Soviet military is that the economy as presently organised seems unable to produce the kind of weaponry needed to fight the electronically sophisticated "star wars" of the future.

On the surface there were few signs of the traumas haunting the more far sighted of Soviet military and political leaders this week as Soviet planning chief Nikolai Baibakov read out the ritual list of economic targets for 1984 — more coal, more steel, more oil and so on.

But they were there to be read in Mr Andropov's speech with his castigation of the slow pace of technological change, the resistance of Soviet managers to new methods or to making better use of sophisticated machinery. He also expressed concern at the enormous environmental damage which has been caused by bad farming methods, wasteful and polluting industrial processes, vast slag heaps over *once fertile* land and the kind of bad resource and water planning which has decimated Soviet forests and lead to major environmental disasters.

These are all themes to be constantly found in a careful reading of the specialised Soviet Press The leadership has now made them their own. But Mr Andropov, with 15 years as head of the KGB behind him, is also sensitive to the complaints of Soviet consumers—over everything from leaking milk containers to shoddy washing machines and television sets, and rude service in inadequately provided shops.

The main problem is how to change the orientation of the Soviet economy and introduce greater flexibility without weakening the hitherto tight control of the Communist party. What is more, some way has to be found to satisfy the increasingly sophisticated demands of the military while at the same time ensuring more high quality food and consumer goods as lincentives for the labour force.

It is difficult to see how economic changes on the scale required can be achieved without fundamental changes in the political and social structure of the country as well.

Given the scale of the problems and the pressure which the Soviet leadership feels itself to be under from the West it is little wonder that public pronouncements by Soviet political and military leaders have taken on such a shrill anti-American tone in recent months.

Faced with their failure to prevent the deployment of new cruise and Pershing missiles in Western Europe, Soviet leaders decided to break off both the intermediate and strategic arms talks in Geneva and the conventional arms reductions talks in Vienna, and have thrown themselves into a wide-ranging policy re-think whose results are still not known.

Now there are growing signs of concern in Western capitals about the dangers of seeming to *push a highly* armed, but prickly and defensive Soviet bear, into a corner from which it cannot emerge with dignity.

Hence the new interest expressed by President Reagan in the need to re-establish channels of communication and the decision of Nato foreign ministers to attend next month's Stockholm meeting of the European disarmament conference. They hope that Mr Gromyko will also attend, with fresh and authoritative instructions to seek a way out of the present threatening impasse.

Men & Matters

Hard case

Comrade Jia Qingli, China's vice-minister for the chemical industry, has been so moved by Peking's drive to eradicate the "spiritual pollution" of bribery in business that he has made a clean breast of its all.

He decided to make a "self-criticism," he write to the People's Daily, after reading recently of a delegation "shockingly engaged in eating and drinking."

The guilt-stricken Qingli confessed that his ministry attended a national forum on energy conservation last April —and each participant ate a meal worth around 2.7 yuan (about £1) though they only paid 1.2 yuan a day for board and lodging.

As if that were not bad enough, Qingli ashamedly admitted that each participant had also received a length of acrilonitrile thread from the Lanzhou chemical company, and only paid one yuan for it.

"He or she," the penitent continued, "also received a suitcase"—"an act of gaining extra advantage by unfair means."

But the orgy of self-indulgence did not end there. It went on through a famous dance drama, "Flower and Rain on the Silk Road," and a Gansu opera, all for a mere 50 fen (15p), and a dinner of sea cucumbers and wine.

"I presided over the meeting and I was involved in eating and drinking and taking a suitcase. I should be held responsible," Qingli added contritely.

"We've sold hundreds to the Treasury"

Stick together

A bowler-hatted, pin-striped businessman, looking every inch a Radio Four type, parked his Daimler outside Capital Radio, London's pop music station.

He went inside and asked for a sticker for the back window of his car. "All the vandals listen to Capital Radio," he explained. "My insurance man tells me the best way to protect my car is to put a Capital sticker in the window. They don't touch cars belonging to fellow Capital listeners, I understand."

New blood

Peter Blood, director general of the Institute of Marketing, tells me he is planning to retire in March after 12 years in the job. Blood, who will be 63 by then, is taking early retirement —dare I say it?—to introduce fresh blood at the top.

"After all these years it is perhaps time for a change for both me and the institute," he says. Certainly his will be a difficult act to follow. Under his direction the institute has developed from a relatively small organisation into one of the most important management centres in Britain.

Institute membership has risen dramatically over the last ten years and now stands at some 21,000 full members and 17,000 students. More important, says Blood, the standard of professional qualifications of the membership is at its highest level ever.

"Over the years there has been a significant increase in the way that marketing people are considered in British industry. . . . Companies that merely saw marketing as a selling function are now prepared wholeheartedly to embrace its strategic role."

Blood's successor is being head-hunted by a firm of recruitment specialists. They are looking, I understand, for someone who knows his way around Whitehall as well as academic and business circles.

Lloyd's closure

Few tears are being shed in the Lloyd's of London underwriting room for the passing of the old indicator board which will flash its last message within the next few days.

After 25 years of rather less than faithful service this complicated contraption is being *dismantled. Lloyd's would like* the Science Museum to take it but fears that the complete system will be too cumbersome to re-house.

Theer are actually two boards placed either side of the Lutine Bell. And, high up in the building, room 508 is packed with electro-mechanical equipment to drive it. The board even has a full-time engineer in attendance, Dennis White, who in recent years has had to handcraft spare parts himself to keep the names coming up.

In its golden youth after installation the board stored the names of 8,000 insurance brokers in its system and called up many of them daily to attend underwriters at their "boxes." Now underwriters find the telephone more convenient. Only about 50 calls a day are appearing on the board.

The market is moving into its new building across the road in 1986. Members have still not decided what sort of system, if any, they want to replace the indicator board.

Shop talk

A bribe of 500 Czechoslovak crowns (about £11) is no longer enough to persuade a Czech shop assistant to sell you a washing machine or a television set.

According to a Czech newspaper commentator, that is barely enough to get a trainee salesman to part with a food mixer, or some similar small appliance.

The commentator outlines his own strategy for extracting scarce consumer goods from reluctant sales staff, calling it "corruption without bribery."

First catch a sales assistant alone, he says. Then whisper your request while "winking knowingly" and looking around furtively.

If this fails to get a response, the commentator says he sticks *his right hand into his breast* pocket where it lingers on the wallet until the goods are produced. Then he retracts his hand without the expected bribe.

Those who adopt his tactics, he says, should make sure that they "never approach the same sales assistant again."

Age concern

At one family party that I heard about, a 78-year-old grandmother eyed with some disfavour one of her descendants, a 'teen-ager with hair glued up in spikes and dripping with chains. "Between being infants and adults I suppose you might call them 'insults' . . . "

Observer

PENSION FUND PORTFOLIO MANAGEMENT

The threat from the computer

By Clive Wolman

THE 2,000 men and women who control a large slice of the nation's wealth from their City offices are facing a threat to their livelihoods, and to the mythology surrounding their profession, from a few pieces of computer software stored 3,000 miles away across the Atlantic.

These fund managers, who decide where to invest nearly £200bn of people's life-time savings, have always boasted the specialist skills necessary to pick better stocks than the average punter in the street. And for more than 20 years their clients have accepted these claims with little questioning.

Now, however, computers designed to administer mechanically a portfolio of shares in the largest UK companies are threatening to upstage them. They guarantee a better performance than the average achieved over the last 10 years by the largest group of managers—those controlling the £100bn of UK pension money.

Aided by the forthcoming changes in Stock Exchange rules, these recently-launched computer services will strike at an industry generating an annual income of over £100m for the City merchant banks and other fund management houses.

The computer programmes select a spread of shares which should ensure that a fund's performance will match the movements in the FT-Actuaries All-Share index (see panel).

Such funds first came into existence in the U.S. in the mid 1970s. There, the spur was new legislation on pension fund investments, the poor returns from stock market investments and the abolition of minimum stockbroking commissions. This allowed the index-matching funds to carry out the necessary technical adjustments in their portfolios at rock-bottom commissions without having to pay for stockbrokers' research. Their value now is about $40bn.

But in the UK these passively managed funds have been slow to catch on despite constant prodding by the London Business School. One of the major passive managers in the U.S., the Californian bank, Wells Fargo, returned from London earlier this year, after failing to win any contracts. But in the last six months Barclays Merchant Bank, County Bank, the merchant banking subsidiary of National Westminster, Lloyds Bank, and Phillips and Drew, the largest fund managers among stockbrokers, have been among those seeking out, or taking on, new clients for their index matching funds.

The recent emergence of these funds has been stimulated by evidence supporting a humiliating charge levelled against fund managers by U.S. business school professors since the late 1950s.

The charge — which has generally been lost in a fog of arcane statistical and actuarial calculations — is that in the long run the fund managers can't beat the market. The frantic hourly dashes between screen and telephone, the discreet questioning of company chairmen over lunch, the long nights lying awake, mentally flicking through portfolios and worrying about the latest news from the Far Eastern markets —all are said to be in vain. A five-year-old who picks stocks by throwing darts at the back pages of the Financial Times would, on average, do just as well.

The most detailed scrutiny of performance has been reserved for the largest of the investment animals, the pension funds, which collectively own about £45bn worth of shares, more than a quarter of the UK stock market, excluding gilts.

In recent years, the services measuring their investment performance, provided by actuaries and stockbrokers Wood Mackenzie, have grown in sophistication. For, on the basis of the results, pension fund trustees have become increasingly willing to sack their managers.

The collective results are poor (see chart). Not only do they show that pension fund investments in the UK stock market have gained in value less than would, on average, a random selection of shares (as measured by the All-Share index)—even after allowing for the expenses pension funds incur in investing their new money. But the results also show that it is very difficult to pick any individual fund manager, or fund management team, who is likely to beat the index. The actuaries say that the difference in performance between the funds in the top quarter and those in the bottom quarter is so small that it could possibly be explained by a run of luck rather than by any superior investment skills.

A few fund managers and stockbrokers accept the implication of these results—that it is almost impossible to make consistent, above-average profits out of at least the 250 to 300 largest UK companies whose prospects are thoroughly researched. Many of the smaller stocks may be undervalued, they admit, but their funds cannot buy them in large enough quanities to make the research effort worthwhile. So they accept that a passively managed, index-matching fund may be the most attractive solution, even if it would put them out of a job.

The term "closet-indexers" has been coined to describe fund managers who secretly run index-matching funds with the aid of a computer, while pretending to their clients that they are sweating night and day over the management of their carefully selected portfolios.

So far no UK fund manager has yet been caught at this game. But many fund managers appear to achieve the same result unconsciously by actively managing such a diversified fund that it is unlikely to perform very differently from the index.

Barra International, a U.S. investment consultancy firm set up by University of California staff claims that the typical UK pension fund portfolio it has analysed is barely more or less sensitive to any changes in the economy than the FTA All-Share index. Thus if the managers differ at all in their forecasts from the market as a whole, they do not reflect these views in their portfolios.

Such an approach should lead to a performance on par with the index. But because the managers incur large dealing expenses through buying and selling shares in the hope of a profit, the end of the year figure usually shows an under-performance.

Most of the fund managers also have a financial incentive to over-trade since part of their charges are made by ill-understood, back-door methods which are often linked to dealing commissions. This may make the management of an index-matching fund unrewarding, as the explicit fees will be very low.

Even index funds have to deal sometimes. They have to re-invest dividends, invest inflowing money, take up rights issues and adjust the weightings of shares. For this reason, most indexers prefer to take up a small and more manageable, but representative, sample of the All-Share index, by holding only 100 to 250 stocks.

To select a fully representative sample and to indicate when adjustments have to be made, a sophisticated computer programme is necessary. Barra has developed one in Boston, Massachusetts, for the UK market, which is the basis of County Bank's service.

The spread of such funds could lead to a cutback in UK company analysts, who are already threatened by the forthcoming abolition of minimum stockbroking commissions.

UK blue-chip stocks, however, are currently researched by as many as 30 stockbroking analysts and perhaps a similar number of fund managers. Most index-fund managers agree that this number could be cut to between six and 12 without harming the efficiency of the UK stock market.

But the promoters of the index-matching funds stress that their computers do not rule out all forms of active fund management.

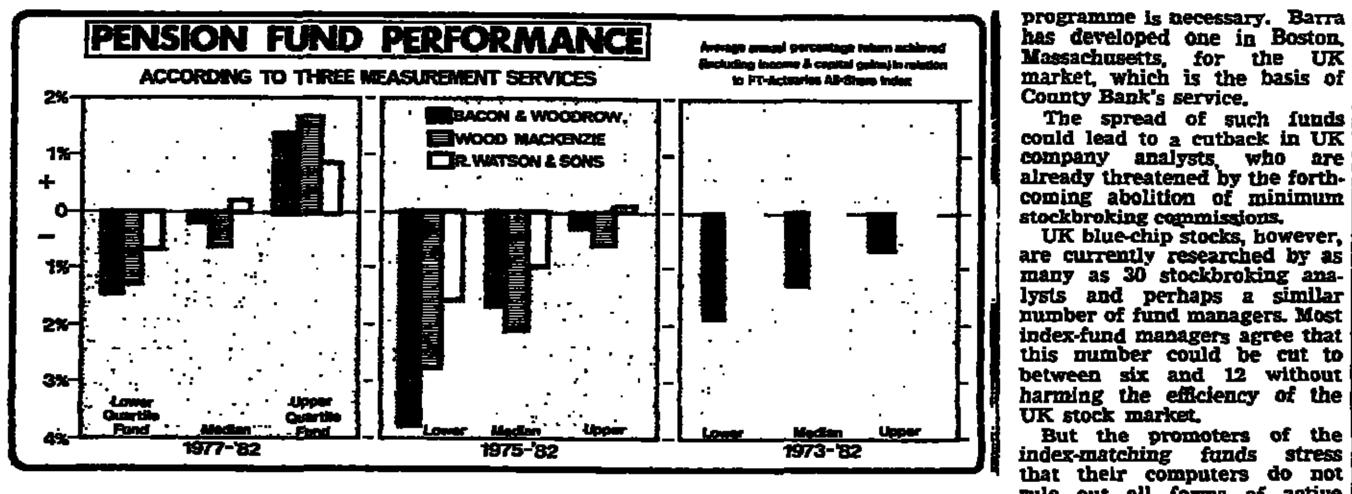
They accept a role for more aggressive, risk-taking managers running small parts of pension fund money alongside a "core," index-matching portfolio.

Mr Matthew Oakeshott, who runs Courtauld's in-house pension fund, believes that pension fund managers can add value to their portfolios by encouraging corporate reconstructions and, in certain cases, take-over bids. He has been responsible for liquidating two investment trusts in the last two years. "But it is hard work," he says, "and most fund managers do not like such a high profile."

For, despite all the potential power they are sometimes accused of accumulating, Britain's fund managers in practice wield very little. Sometimes, they have to decide which way to jump in take-over battles initiated by others. Occasionally, a nudge here and a wink there has shifted management policies, as in the case of the Rank Organisation or John Brown.

But generally they prefer merely to sell their stakes in companies they believe to be badly managed. Their skills lie not in industrial management, they claim, but in portfolio management.

The index-matching computers looming on the horizon, however, undermine that claim. Unless the pension funds become more involved in company management, there may be a diminishing role for them in any form.



The FT-Actuaries All-Share Index, which was started at a base of 100 in 1962, is the most accurate indicator of the fortunes of the UK stock market. It is calculated daily from the price movements of the UK's 750 largest companies, which are represented in proportion to their size.

A fund manager who invests in all 750 companies in the same proportions as they are represented in the index is guaranteed a performance precisely in line with the index (assuming no dealing costs). If it goes up by 10 per cent, then so will his fund.

With an average run of luck, but no more, a randomly selected portfolio of shares will also go up and down in line with the index.

The aim of every fund manager investing in UK company shares is to beat the index. Anyone can have a run of bad, or good, luck over one or two years. But in the long run, if the manager fails to beat the index, after allowing for the minimum necessary dealing expenses, then he does not deserve his job. A computer would have done just as well.

Lombard

When good money drives out bad

By Nicholas Colchester

MANY PEOPLE have heard of Gresham's law, but few are able to explain what it really means. "Bad money drives out good," said Sir Thomas Gresham to Queen Elizabeth in 1558 and today people probably accept the dictum in a spirit of uncritical fatalism — as a monetary equivalent of "things generally go downhill" or "what can go wrong will go wrong."

In his history of money Professor Galbraith said of Gresham's law: "It is perhaps the only economic law that has never been challenged, and for the reason that there has never been a serious exception. Human nature may be an infinitely variant thing, but it has constants. One is that, given a choice, people keep what is best for themselves. So, he explained: "If there were any disposition to accept coin on faith it was inevitably the bad coins that were offered, the good ones that were retained."

I came across a "serious exception" to Gresham's law on August 15 1971 when, visiting London from America, I tried to buy a pair of shoes with a dollar traveller cheque. The salesman was flattering about the shape of my feet and my taste in expensive shoes but he would not hear of payment in dollars. Rumours of a traumatic devaluation of the dollar were already on the wind. Good sterling drove the bad dollars out of that (for me) memorable transaction.

Evidently one element in Galbraith's formulation was missing in Burlington Arcade that day: the "disposition to accept coin on faith." This prior condition for Gresham's law had been noted before during the hyper-inflation in Germany between the wars. In 1931 Bresciani-Turroni noted in his book the Economics of Inflation that "in monetary conditions characterised by a great distrust in the national currency the principle of Gresham's law is reversed and good money drives out bad." In light of this striking exception, and given that greed and suspicion must feature on both sides of any transaction, one may wonder whether Gresham's observation really qualifies as a law at all.

Prof. Hayek provided the crucial missing element that rescues Gresham's point. The law holds only if there is a legally binding rate of exchange, or identity, between the "good" money and the "bad"; or, in a national context, if both can be enforced as legal tender. Under such conditions the buyer can choose which forms of legal tender he offers while the seller has only a minimal ability to refuse it. So long as the Bretton Woods agreement held, the shoe salesman in Burlington Arcade found it impolitic not to accept dollars, but on the day it crumbled he could afford to become choosy.

Gresham probably took enforceability for granted. The Queen Elizabeth's government was one of despotic power issuing coinage to a people of widespread monetary ignorance. Power versus ignorance: these are the optimum pre-conditions for fraud, tempting both governments and individuals to exploit Gresham's law and to debase their means of payment wherever possible.

The smaller the ignorance, the greater the power needed to hold Gresham's law together. In sophisticated Israel, for instance, people increasingly defy the government in displaying prices, negotiating contracts and fixing salaries in U.S. dollars, even though they still have to use inflationary shekels as a transitory means of payment. Too many people are too well informed to allow the bad money to drive out the good.

Throughout the industrialised democracies the conditions vital to Gresham's law have gradually evaporated in recent years. Too many fingers had been burnt by pre-war inflation in Germany for it ever to be exploited there after the war. The collapse of the fixed exchange rate system greatly weakened the hegemony of "bad" dollars. Since then, many countries have experienced the delights of inflation and public wisdom about bad money has become a widespread political force.

People today are inundated with information about inflation rates, exchange rates and monetary aggregates. Gresham's law is still valid, but with any luck it is becoming obsolete in the developed world.

Letters to the Editor

A lack of really good technical civil servants

From Sir Geoffrey Allen, Sir Peter Carey and Mr Duncan Davies

Sir,—Sir Ronald Mason's study of commissioned research, carried out for the Advisory Board of the Research Councils, examines the impact of financial stringencies on the allocations of money for basic science made by Whitehall departments. The total amount is about £70m out of a total basic science expenditure of about £600m, and a total national expenditure on science and technology of about £5.8bn. It is thus a significant sum, concerned with important technological infrastructure, but a minor proportion of the total. Sir Ronald's observations about the management of basic science merit serious attention, but his proposals for fundamental change in technological staffing in Whitehall are, by contrast, open to strong objection.

The principal duty of technologists in government departments is to participate in policy making. This is to ensure proper appreciation of the technical factors that now pervade a large proportion of policy, to set expenditure priorities accordingly, and to arrange for progressively better staffing of this function. We in Britain are worse off for these "technological generalists" than are the French, the Germans, or the Japanese; more are needed in the private as well as the public sector. Sir Ronald's proposals for part-time academic chief scientific advisers would be useful for those areas where there are particular sensitivities (e.g. military research) but would not meet the needs elsewhere unless the people concerned had good experience of management and affairs. Sir Sam Edwards, because of his spell as chairman of the (then) Science Research Council, has some such, but others usually have not. Further, will he always be there when important matters (which often come up at short notice) are discussed?

The need is more likely to be met by giving suitable training and experience to really good technical civil servants, which has already been started and which will be helped by the downward extension of the so-called "open structure," recently announced. Interchange with industry is more difficult, but some of us have personal experience which encourages us to recommend it.

Sir Ronald's proposals would (a) inhibit the internal developments by closing the top jobs and thus repel good people from the technical civil service; (b) demotivate those brave souls who have already started the reforms; (c) return to the position of having clever scientists "on tap but not on top" and (d) deflect attention from the main job. Good progress is being made in some departments, such as DTI; we should build on this, not overturn or emasculate it.

(Sir) Geoffrey Allen,
(Sir) Peter Carey,
Duncan Davies.
c/o 3, Broadlands Close, N6

'Smuggling' personal computers

From Professor M. Abbott

Sir,—Along with my FT diary I have received an advertisement for a "City Collection briefcase with a built-in personal computer system." Immediately below this on your brochure is a "Passport and credit card holder" complete with a photograph of a passport. Can it have escaped your notice that these items together constitute a disastrous combination? Not only will your traveller so equipped be charged with smuggling a valuable computer at any and every frontier but he will as well be charged with possessing a case designed to conceal this computer and you may yourself, I can imagine, be charged as a party to a conspiracy to smuggle personal computers in this manner.

These observations arise from my experiences at the border between the Netherlands and Belgium where a colleague and I were recently stopped for having with us a PC of similar capacity to that included in your offer. My car and car papers were impounded while I, as "senior partner," was lined up with a large number of other "offenders." After 1 hour 45 minutes of standing around waiting, I was called in to the customs officer and given a form to fill in giving the "destination" of my PC. Fortunately, my Dutch colleague was able to call the Belgian organisation that we were visiting for the afternoon and warn them of our late arrival. More to the point, the director of this organisation immediately called back to the customs official and then arranged for a local "expediteur" to put up the value of my PC and pay all import duties and fines. My colleague and I were then allowed to collect my car and to continue. By dint of missing lunch we were able to arrive only 2¼ hours late. As a result, my lecture, to 20 of the top nuclear specialists of Belgium, went on until 19.10 instead of the 17.00 planned. Moreover, there was no proper time for discussions, so that I shall now have to visit these specialists in their various organisations at later dates. After the meeting we returned to the Netherlands and spent a further one hour arranging the now-required papers at the border (by the way, nobody bothered to see the PC on its way in again).

I have since looked into possible countermeasures, such as acquiring documents that will satisfy the customs officials. In principle it is possible to obtain a temporary import licence for one's PC for such an afternoon's visit, but the time and effort involved to procure the documents and the waiting times involved at the borders are such that this is quite impractical. The best way that I can see is to acquire other identical machines in all countries that one will visit and transport the cassettes or discs in one's pocket.

It would, I feel, be only fair if you would make your readers aware of these problems. The rest of the world may proceed into the information revolution, but we in the EEC, Benelux or whatever can better leave our information systems behind when we travel, and take only good old-fashioned paper and pen (preferably a cheap ball-point!) instead.

(Professor) Michael B. Abbott.
v.d. Houvenstraat 61,
2596 PM The Hague,
The Netherlands.

Sizewell B and fuel costs

From Mr J. Baker

Sir,—To judge from his letter on December 21 Mr Jones and I must agree to differ about the merits of Sizewell B.

In considering Mr Jones' comments on coal prices, however, it should be borne in mind that he advised the inquiry to be 95 per cent confident that the increase in the real price of world coal between 1980 and 2000 would, in CEGB's middle of the road scenario, be between NCB's forecast of 25 per cent and CEGB's of 50 per cent. It may be noted that even at the lower rate of increase Sizewell B would more than pay for itself out of savings in fossil fuel.

John W. Baker.
Central Electricity Generating Board,
Sudbury House,
15, Newgate Street, EC1.

Harnessing wave energy

From Mr J. Soper.

Sir,—The article by David Fishlock (December 21) "Britain's analytical approach to renewables" contains several misleading references to wave power. No one should underestimate the formidable problems of harnessing wave energy, but far more progress has been made than one would be led to believe from the article.

First of all the statement that "Those who ventured into rough water soon found their models crushed by the waves they were trying to harness" is very misleading. Our research team realised very early on that work out of doors in rough water was essential if the real problems were to be grasped. While it is true that early problems were encountered — to no-one's surprise—the work culminated with trials on Loch Ness in 1982 — jointly funded by my company and the Department of Energy—of a 12-tonne Sea Clam model which comfortably survived more than 3m waves. There is no difficulty foreseen in scaling up this design to operate in North Atlantic wave conditions. It is hoped that a full design will be prepared for a prototype within the next two years.

Mr Fishlock's reference to experience from North Sea platforms is not relevant. We have found that platform technology has virtually nothing in common with the long floating structure required for wavepower.

It is true that the costs of wavepower are still unattractive in comparison with conventional generation. The projected costs however for Sea Clam—6-9p/KWh compared with 2-3p for nuclear and 3-4p for coal-fired —are certainly now within striking distance. It should also be realised that these costs were assessed on a most rigorous basis, as befitted what was the favoured source of renewable energy at the time. Other, now more favoured, sources have not yet been subjected to such severe analysis. When they have been, it will be interesting to see the results.

The rapid escalation in the cost of the Orkney windmill (I remember that £3.4m was the projected cost when it was first announced), and the recent estimate by the CEGB of 10p/kwh for the cost of power generated by its trial wind machine at Carmarthen Bay, are indications that wind energy may well not fulfil its apparent promise.

J. M. P. Soper,
Sea Energy Associates,
17 Royal Crescent,
Cheltenham, Gloucs.

FINANCIAL TIMES
Friday December 30 1983

INDUSTRIAL COUNTRIES MAY HAVE TO CUT BENEFITS

OECD warns on welfare budgets

BY MAX WILKINSON, ECONOMICS CORRESPONDENT, IN LONDON

THE LEADING industrial countries will face tough political choices about whether to curb the expansion of the welfare state over the next few years, says the Organisation for Economic Co-operation and Development (OECD).

In an unpublished paper that will form the basis for discussion among ministers early in the new year, the Paris-based organisation says that benefits will need to be cut in real terms if welfare spending is to be contained to its present proportion of total output.

Its calculations are based on analysis of trends in the seven main industrial countries: the U.S., Japan, West Germany, Canada, the UK, France and Italy.

Although it cautions that its conclusions do not necessarily apply to particular services or to individual countries, the OECD's broad conclusion appears to be close to the UK Treasury's view

The OECD's conclusions are:

- Given even moderate economic growth, the basic structure of the welfare state need not be under threat;
- Some curbing of the real level of benefits will be required, however, if social spending is to be contained at about 23 per cent of output, the average for 1982. With an "optimistic" 3.7 per cent a year average growth of output in the seven countries, welfare benefits would need to be cut by 0.2 per cent a year. With a less optimistic growth rate of 2.8 per cent a year, the cut in benefits would need to be 0.6 per cent a year;
- Most countries will have to tackle the "inflexibility and inefficiency" of current social programmes. That includes the widespread distribution of benefits to better-off people in programmes intended primarily for the most needy;
- One of the most immediate pressures on social spending will result from the high unemployment rate of young people, currently about three times the rate for adults;
- In the longer term, the increasing proportion of older people in the populations will put serious strains on the welfare state if its benefits remain broadly unchanged. The problem particularly in relation to pensions, will start to emerge around 2010 and will become "really severe" in about 2030. However, solutions need to be considered now since the whole structure of pensions may come in question.

The report says that in recent economic crises, some efforts have been made to improve the efficiency of the welfare service. "But the dominant response has been to control welfare spending across the board with little attention being paid to the costs and benefits of altering expenditure patterns on any particular programme."

A more thoroughgoing reform will be needed to enable the welfare state to adapt to the increased demands expected in the 1980s, or to some future economic shock.

The need to curb benefits, even if output continues to rise, reflects the changing pattern of the population and the fact that the real costs of health and education services are likely to increase by about 1 percentage point a year faster than other prices.

Editorial comment, Page 6

Pretoria troops raid Swapo base in Angola

By Bernard Simon in Johannesburg

SOUTH AFRICAN aircraft yesterday attacked a regional headquarters of the South West Africa Peoples Organisation (Swapo) 180 miles inside Angola and knocked out anti-missile sites, the chief of the South African defence force, General Constand Viljoen said.

The raid was the latest in a series of operations over wide areas of southern Angola which started on December 6.

General Viljoen, addressing a press briefing in Pretoria, was at pains to play down the extent of the South African incursion, saying he expected his troops to withdraw in the next week or so.

"It is our intention to vacate Angola as soon as possible," he said, adding that the purpose of the operation was to prevent a large-scale infiltration by Swapo guerrillas into northern Namibia early in the new year.

An estimated 20,000 to 30,000 South African troops are based in Namibia and in southern Angola, involved in a low intensity conflict with Swapo who are fighting for the independence of the South African controlled territory.

Gen Viljoen said South African troops have had daily contacts with Angolan army forces since the incursion began, and at least one skirmish involved Cubans. In addition, ground-to-air missile sites attacked by South African aircraft were presumed to be manned by Cubans as well as Swapo forces.

Yesterday's air attack on the Swapo base, described by Gen Viljoen as a "defensive headquarters" located close to the town of Lubango, was intended "to disrupt Swapo's ability to control operations during their new offensive."

He said the base appeared to be manned by between 200 and 500 guerrillas but that casualties were probably not heavy because the Swapo forces were mostly in dugouts. Eight South African soldiers have been killed during the present operation and one is missing.

According to Gen Viljoen, the main purpose of the operation is to pre-empt a move by 1,400 Swapo guerrillas north to Namibia from their bases in Angola. South African troops were also searching for mines and weapons caches hidden between the bases and the border and seeking to destroy Swapo's infrastructure – in addition to conducting reconnaissance over a wide area.

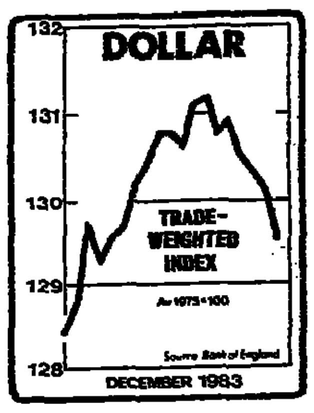
Gen Viljoen denied that South African forces had occupied the southern town of Cassinga on the main road to Namibia, but conceded that they had passed through the town. "We have vacated Cassinga."

He made no mention of the Unita resistance movement, which has scored several successes in its campaign against Angolan Government in recent months. The Angolans have accused South African troops of crossing the border to help Unita, rather than to attack Swapo.

THE LEX COLUMN

Package tours to cloud nine

The dollar has been taking a long overdue breather during the past week, as official statistics have pointed to a gradual slowdown in the pace of economic recovery. Yesterday's leading indicators and trade figures for November provided further discouragement for anyone planning to hold long dollar positions over the new year, and the pound gained over a cent to close at $1.4485. The Bank of England, meanwhile, was keeping busy with a string of low-coupon and index-linked taplets clearly aimed at returning roll-up money. The Bank never looks gift horses in the mouth, even at this time of year.



Tour operators

Swash-buckling price wars make good advertising copy. The package tour operators have spent the last month or so firing off their latest 1984 summer holiday brochures. These have now pushed prices about 8–10 per cent lower than this summer's levels, and most have been announced as the latest broadside in a fiercely competitive battle, damaging margins all around.

But the blood is largely ketchup and, when the smoke begins to clear, most of the operators will probably still be expecting to see gross margins fatter than before.

The competitive price reductions represent no more, and in some cases rather less, than the benefit to the operators from the pound's continuing appreciation against most Mediterranean currencies.

Not all have fallen as much as the Yugoslav dinar – down 55 per cent since July, 1982 – but those of Spain, Portugal and Greece, which together cover about 70 per cent of the mass market, are all down 15–23 per cent over the last 18 months.

The hullabaloo accompanying the reductions, meanwhile, already seems to have had some effect. Industry expectations of volume growth next summer are in the 10-20 per cent range. Early bookings were always going to exceed 1982's post-Falklands level, but they have done far better than that and after two flat years are probably up on 1981 levels, with Thomson Holidays reporting 30 per cent of its planned total capacity sold.

This promises aircraft payloads next year which should equal those of 1983 for Intasun and mark a significant increase for Thomson and Horizon. Given the enormous impact of higher volume on all their businesses, few operators big or small will begrudge the forfeit of the potential currency gains.

After a heady climb in 1980-82 the stock market ratings for Intasun and Horizon have been set back in 1983 by understandable reservations about so competitive and highly geared an industry.

Another year of strong volume growth might, however, dispel this caution and remind investors of the long-term prospects. Brokers Vickers da Costa, among others, still expect to see the number of air-based tour passengers from the UK rise steadily from the 5m or so recorded in 1982.

The shares of both Intasun and Horizon are selling on a multiple of about seven times historic earnings, on a stated tax basis. Even leaving aside 1984's earnings prospects, this appears to contain little or no premium to acknowledge Horizon's attractions as a takeover target.

Actuaries Indices

The FT-Actuaries Indices may not be carved in tablets of stone but changes in their number are rare enough to make them seem so. The new electronics sub-section, which will be introduced at the beginning of the year to replace engineering contractors, is the first actuarial creation for a decade.

Since the primary function of the indices is to measure investment performance over a period, frequent adjustments would complicate the fund manager's task of tracking relative sector weightings and capital growth. Moreover, the substitution of a sub-section or the creation of a new one will not necessarily serve the desired end.

There is, for example, a strong case for dividing the oils sub-section, the only sector larger than electricals by market valuation, into production and exploration companies. This would, however, bring two very large exploration groups, BP and Shell, into the production sector, creating a considerable distortion between the two.

There is a danger that the present reorganisation will produce a similar imbalance. GEC is, despite this year's underperformance, far and away the largest component of the electricals sub-section and its business is spread fairly evenly between electronics and electrical goods. As a result, it does not fit happily into either category.

The indices must, however, remain responsive to changes in the composition of the economy and, at a time when almost every company coming to the market seems to carry an electronic tag, it is appropriate to recognise the trend. Similarly, the engineering contractors have declined to the point where, as Quilter Goodison remarked in a recent study, their combined market capitalisation is substantially less than that of a single U.S. contractor, Fluor.

Reinsurance

The renewal season in the reinsurance industry is providing welcome, if belated, evidence that some discipline is being restored to a rating structure which has verged on the suicidal for the past three years.

Underwriting loses have become serious enough for primary insurers to worry about the solvency of many fringe operators in the reinsurance market. This has helped to reduce capacity and return a little of the initiative to the main players in the industry, almost all of whom are now pressing for tighter terms, higher rates and greater participation by the primary insurers. The reinsurers have been deterred up to now from taking vigorous action by the fear that business would simply leak into other international centres. They will not be able to estimate the damage caused by contract cancellations until well into 1984, but most of them will be entering the new year feeling a shade more confident about their prospects.

UK insurer buys into French life market

By Eric Short in London

COMMERCIAL Union Assurance Company (CU), one of Britain's largest composite insurance groups, is entering the French life assurance and savings market by acquiring the Paris-based L'Epargne de France for FFr 232m ($27.5m).

Agreement has been reached with the main shareholders of L'Epargne that would give CU control of almost 80 per cent of the company. An offer to acquire the remaining shares will be made.

The Commercial Union is known primarily for its non-life insurance business, where its worldwide premium income last year was £1.8bn ($1.26bn). But it has a thriving life insurance business with premiums of £370m in 1982.

The main areas of operation for its life business, outside the UK, are the Netherlands, through the acquisition of Delta Lloyd in the 1960s, and in Canada, where business has grown organically. It has small, but active, life operations in Belgium and the U.S. its principal non-life market.

The group's worldwide expansion strategies apply to its life as well as its non-life operations. The proposed French acquisition will complement Commercial Union's non-life operations in France, where non-life premiums in 1982 amounted to FFr 178.9m.

L'Epargne operates throughout France, marketing mainly long-term savings products. Mr Cecil Harris, CU's chief executive, intends to develop the life side of the company, using CU's expertise.

The French life market is underdeveloped, accounting for around 1 per cent of gross national product, compared with 3 per cent of GNP for the UK and U.S. life markets.

The proposed acquisition is subject to approval by the French authorities, but CU hopes it will take effect by May 31 next year.

U.S. lender foresees secondary mortgage market in Britain

BY MARGARET HUGHES IN LONDON

A SECONDARY market in mortgages, similar to that in the U.S., is likely to develop in Britain, predicts the chairman and chief executive of the largest U.S. savings and loan association.

Mr Charles Knapp of Financial Corporation of America (FCA), which is opening its first European office in London, said yesterday he had been discussing the development of such a market with leading British building societies, the chief source of private housing finance in the UK.

He said the societies had expressed interest in such a scheme whereby individual mortgages would be packaged together for repurchase and distribution in the market as securities. He hoped FCA would act as a catalyst for establishing such a market "within the next year or two."

Mr Mark Boleat, deputy secretary general of the Building Societies Association, said, however, that he saw little scope for such a secondary market. Mr Boleat, who recently visited the U.S. to study its housing finance market, said yesterday the conditions which have given rise to a "thriving secondary mortgage market" in the U.S. did not exist in Britain "nor are they likely to." New legislation would also be required.

This was also the view of Britain's biggest building society, the Halifax. A spokesman said he could see no future for such a market in the UK itself.

If mortgage business were undertaken across national borders, as is being discussed on a European level, then there would be a case for a secondary market to match assets and liabilities in a particular currency, he said. Such international mortgage lending was not, however, envisaged in the next few years – "more likely in the next ten."

A secondary market has existed for many years in the U.S. as well as in Canada and France. It resulted from the regulatory limitations on the savings and loan business. Until recently it could not be conducted across state boundaries. In addition mortgage and savings rates were fixed, unlike in the UK where they are changed by the lender and related, so that there is not the same mis-matching of assets and liabilities.

FCA's London representative office will be followed next year by representative offices in Zurich, Geneva and Hong Kong. It will raise deposits through the sale of mortgage-backed certificates of deposit.

FCA will offer CDs of varying maturities ranging from 30 days to five years, with an average size of about $400,000. They will be priced about 25 basis points above those of U.S. secondary banks.

FCA, with assets of more than $22bn, has been listed on the London Stock Exchange since 1981 and has about 15 per cent of its stock held outside the U.S.

Mr Knapp said yesterday that while the company had "no intention of becoming a commercial bank or moving into the consumer lending field," it might in time offer "other financial instruments." He would not comment on speculative reports that FCA had been buying up shares in American Express.

Eric Short writes: A recent change in British tax treatment of mortgages was reflected in yesterday's figures on new life assurance policies sold by Standard Life Assurance Company, Scotland's largest life group.

It reported a boom in sales of ordinary life assurance contracts, spearheaded by a fourfold rise in sales of its mortgage-related policies used to repay house mortgages. New annual premium on its UK life business rose 146 per cent to £74.6m ($108m), while single premiums more than doubled to £74.5m.

In April the British Government changed the method of crediting tax relief on mortgage interest. The householder now pays interest net of basic rate income tax, rather than paying interest gross and reclaiming the tax.

It is more advantageous in many cases for the householder to repay his mortgage by means of a life contract, instead of using the normal repayment method. The life companies, building societies and life insurance intermediaries all conducted a publicity campaign highlighting the advantages of using a life policy.

The campaign paid off for Standard Life. Annual premiums on the mortgage endowments sold by the company in 1983, amounting to £53m, compared with premiums of £12.6m on these contracts in 1982.

Israel Cabinet in budget talks

Continued from Page 1

ther cuts in social services. The National Religious Party and Tami oppose the abolition of free high school education. The Tehiya party opposes any freeze or cutback in settlement building.

Even within the Likud bloc, comprised of the Herut and Liberal parties, there are ministers who dissent from the Treasury's approach. A Herut leader, Mr David Levy, the Deputy Premier, has said he will not support a plan which will deliberately create unemployment.

The Liberal party ministers are also unenthusiastic. Mr Gideon Patt, the Industry Minister, is upset over not being consulted about the proposed cuts in the development budget.

Fall in U.S. index 'reflects stable growth'

Continued from Page 1

Paul Volcker, the Federal Reserve Board chairman, repeated his contention that the size of the budget deficit and the burden of Treasury financing continues to work against a fall in interest rates even though "with nominal interest rates so far above the observed inflation, a natural expectation should be for interest rates to fall."

He hinted, however, that the Fed would not automatically respond to some rise in the current low inflation rate by automatically tightening monetary policy. "Small cyclical effects on prices in 1984" would not necessarily be "inconsistent with extending a trend towards greater price stability over time."

He went on to define "price stability" as "a situation in which expectations of generally rising (or falling) prices over a considerable period are not a pervasive influence on economic and financial behaviour."

He stressed, however, that although the insidious pattern of inflationary expectations has been partly broken, "the job is not complete."

France's industrial policy under attack

Continued from Page 1

The Talbot affair has now developed into a test case for the Government. In a clear effort to try to defuse the tensions between the administration and the labour movement on the critical problem of unemployment, M Mauroy is working on a new package of measures.

This package is expected to be unveiled early in the new year and is likely to reiterate the principle of a reduction in working hours to protect employment, the extension of measures to facilitate early retirement and other steps to help retrain redundant workers.

Although the Talbot affair is holding the headlines, the Government is due to unveil painful restructuring plans for the coal and steel industries, among a series of programmes involving more redundancies in troubled industrial sectors.

John Griffiths in London adds: Talbot UK continues to hold publicly to the view that the Poissy stoppage would have to continue for a considerable time before a shortage of parts affected its manufacturing and assembly operations.

Talbot's Ryton plant, which employs about 3,000 near Coventry, is dependent on Poissy for some components of its ageing Alpine, Solara and Horizon models, which have been produced at the rate of about 30,000 a year, but sales of which have been falling sharply.

Its much-valued production at Stoke of Peykan – formerly Hillman Hunter – kits for Iran is not dependent on French-supplied components. Iran has asked for 85,000 such kits next year, and the revival of the business – after a steep fall in the wake of the Iranian revolution – was the main factor in Talbot UK's making its first net profit for 10 years in the first half of this year.

The uncertainty over Poissy's future, however, has set back negotiations over future investment by the Peugeot group in Talbot UK's manufacturing operations.

Much ground work has been laid on proposals by Peugeot to invest between £20m ($28.6m) and £50m in Ryton to produce a new "family" of Talbot models in about two years' time.

But negotiations between Talbot UK and the Department of Industry on aid for the project and a final decision by Peugeot on the investment, clearly are unable to proceed

Lagos austerity budget plan

Continued from Page 1

to N8.5bn forecast for the present year. In the same period, the current account deficit was cut from N4.9bn to N2.9bn, he said.

However, with export earnings for 1984 forecast at N8.5bn, and debt servicing expected to consume N3bn of that, imports in the coming year would have to be restricted to N5bn, allocated only to essential commodities, he said.

He promised that the system of issuing import licenses would be "overhauled," to ensure that only established companies and entrepreneurs obtained them for direct use in their operations. It is expected that new regulations will exclude virtually all imports from the open general licence system.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	14	57	Dubrovnik	S	17	63	Malaga	C	15	59	Salzburg	C	4	39
Akrotiri	S	19	64	Faro	S	16	61	Malta	C	15	59	Seoul	F	-4	25
Algiers	S	16	61	Florence	S	8	46	Manila	S	29	84	Singapore	R	27	81
Amsterdam	C	9	48	Frankfurt	C	9	48	Miami	C	26	79	Stockholm	S	3	37
Athens	S	15	59	Funchal	S	20	68	Milan	S	8	46	Strasbourg	Fg	4	39
Bahrain	S	20	68	Geneva	S	7	45	Moscow	C	0	32	Sydney	S	24	75
Bangkok	S	31	88	Gibraltar	F	17	63	Munich	C	4	39	Taipei	R	13	55
Barcelona	S	15	59	Guernsey	S	7	45	Nairobi	—	—	—	Tangier	S	17	63
Beirut	C	19	66	Helsinki	C	3	37	Naples	S	16	61	Tehran	—	—	—
Belgrade	S	9	48	H. Kong	C	11	52	New Delhi	S	21	70	Tel Aviv	S	20	68
Berlin	S	8	46	Innsbruck	S	7	45	New York	F	13	55	Tenerife	S	22	72
Biarritz	S	15	59	Inverness	C	10	50	Nice	S	16	61	Tokyo	C	9	48
Blackpool	C	9	48	Istanbul	S	11	52	Oporto	S	15	59	Toronto	Sn	-1	30
Bordeaux	S	14	57	Jersey	S	8	46	Oslo	S	4	39	Tunis	S	18	64
Brussels	C	6	43	Jo'burg	S	23	73	Paris	C	4	39	Valencia	S	13	55
Budapest	S	11	52	Las Palmas	S	22	72	Prague	C	8	46	Venice	S	7	45
B. Aires	C	30	86	Lima	S	24	75	Reykjavik	Sn	-3	27	Vienna	F	10	50
Cairo	S	22	72	Lisbon	S	12	54	Rio de J'o	C	33	91	Warsaw	C	10	50
Cape Town	S	23	73	Locarno	S	5	41	Rome	S	15	59	Zurich	S	5	41
Caracas	S	29	84	London	C	8	46								
Casablanca	S	21	70	Los Angeles	S	20	68								
Copenhagen	S	6	43	Luxembourg	Fg	3	37								
Corfu	S	17	63	Madrid	S	11	52								
Dublin	C	10	50	Majorca	S	15	59								

Readings at mid-day yesterday:

C–Cloudy D–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

Schwab probed after fraud claim

BY WILLIAM HALL IN NEW YORK

CHARLES SCHWAB, the biggest discount brokerage firm in the U.S., which was taken over by BankAmerica earlier this year, faces an investigation of its internal controls. The move arises out of allegations of frauds at one of its branches three years ago.

The examination, by independent auditors, of Schwab's internal audit procedures, will seek to establish whether the firm's 650,000 customers are adequately protected.

The investigation follows a decision by a Securities and Exchange Commission (SEC) administrative law judge yesterday. He ruled that Schwab must refrain from opening any new accounts during a 30-day period next summer unless independent examiners can certify that the company's internal audit procedures have been improved.

The judge's ruling follows a SEC investigation of an incident in 1980 when an assistant manager of the firm's office in New Port Beach, California, was alleged to have defrauded 31 investors of nearly $1m. The SEC investigators argued that Schwab's internal procedures were not adequate.

The firm, which started in 1971 with 10 employees and one office, has grown rapidly since the ending of fixed commission rates for stock brokerage transactions in 1975. The firm now has offices in 70 locations in the U.S. and overseas.

Schwab officials said yesterday that they were unlikely to appeal against the judge's decision, and seemed happy to abide by his ruling. One official said the company's internal audit procedures had been strengthened substantially since the incident and the company expected to pass the examination

It is understood that the SEC investigators had wanted the judge to ban Schwab from opening any more branches until its internal audit procedures and personnel training had been improved.

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Shaky start for South African computer link

BY BERNARD SIMON IN JOHANNESBURG

ONE OF THE most ambitious projects to be tackled by South African financial institutions has taken a step forward with the signing last week of an agreement between 11 banks and building societies for the setting up of a common system of automated cash dispensers, credit authorisation and point-of-sale facilities.

The move is part of the increasingly competitive electronic banking field in South Africa. The participants in the new scheme, known as Saswitch, plan to commission their first common automated teller machine (ATM) by the end of 1984 and to have 400 ATMs in service by the end of the following year.

The initial investment in Saswitch by the 11 concerns will be R2.5m ($2.04m) but this will only be for financing the switching mechanism neccessary to handle the different computer and software systems being used by the consortium's members. In addition, each ATM will cost R60,000, the point-of-sale machinary will have to be paid for and the cost of harmonising with the common switching system will have to be born by the individual members. In total, expenditure by the group's members could run into tens of millions of rands.

Saswitch includes Barclays National Bank, Nedbank, Trust Bank and the South African Permanent Building Society (one of whose executives pioneered the project).

The very diversity of Saswitch's membership has prompted predictions that it will soon flounder in the complexities of marrying 11 companies' computer systems into a single switching network and the divergent views of almost a dozen equal shareholders. One banker describes Saswitch as a "Tower of Babel."

Already, the country's third biggest building society, The Allied, has withdrawn from Saswitch because of the organisation's gradual shift in emphasis from ATMs (the building societies' top priority) to a point-of-sale and credit authorisation network, which is the bank's main concern. One small bank, Boland, has come close to pulling out because of the high cost of adapting its equipment to the Saswitch concept.

Saswitch may be outflanked on another front, too. Standard Bank, United Building Society and Volkskas have linked up in a rival group which expects to share ATMs within the next nine months. It has a significant headstart on Saswitch in other ways, too.

Standard is the acknowledged leader in computer systems among South African banks. It has invested over R100m in computer facilities and claims to be the second bank in the world (after Verbraucherbank in West Germany) to open a fully electronic branch.

While Saswitch's members own a hotch-potch of computer equipment, Standard, United and Volkskas are all IBM users. The South African Post Office, which will probably join both groups, also has an IBM mainframe installation.

Standard and United have another reason for preferring to go their own way. They were the first to instal ATMs in South Africa and have built up a network several times larger than all their competitors combined. United already has about 500 ATMs in operation and Standard another 300. By comparison, Barclays, which is South Africa's largest banking group operates only 120 ATMs, though it plans to catch up with Standard by the end of 1984. Almost all the ATMs installed are either IBM or Docutel machines. Efforts by Philips and NCR to break into the market have had little success so far.

Saswitch concedes that putting theory into practice will be difficult. The scale and diversity of its switching operation has not been tried anywhere before although it will be able to draw on a similar project at the Boeing aircraft company in Seattle.

One simplifying factor will be that Saswitch plans to use the South African Post Office's national packet switch network (known as Saponet) as a single interface between participants' terminals. Unlike British banks, it is not trying to standardise the terminals.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for December 29.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amex O/S Fin 10⅝ 88	100	94⅛	94⅝	0	+0⅛	11.53
Australia Comm 11⅛ 90	100	100⅝	101⅛	+0⅛	+0⅛	11.01
Australia Comm 11½ 95	300	96¼	96¾	0	+0¼	12.05
Australia Comm 11⅝ 98	100	96¾	97¼	+0⅛	+0⅛	12.05
Bank of Tokyo 11 90	100	94⅛	94⅝	0	+0⅝	12.28
Bank of Tokyo 11⅞ 90	100	98⅛	98⅝	0	+0¼	12.23
British Col Hyd 10¼ 88	200	95¾	96¼	0	+0⅛	11.47
Britoil Fin 11⅞ 88	125	99¼	99¾	0	+0⅝	11.96
Canada 10⅞ 88	500	99⅝	99⅞	+0⅛	+0⅛	11.17
C.C.C.E. 12⅝ 95	75	98⅝	99⅝	0	−0⅛	12.75
C.I.B.C. 11 90	75	92⅛	92⅝	0	0	12.76
Citicorp O/S 10⅝ 90	100	90⅝	91⅛	+0⅛	+0⅛	12.44
Citicorp O/S 11¾ 90	100	97⅜	97⅞	+0⅛	+0⅝	12.26
Cred Suisse BAH 10½ 90	150	98½	99	0	+0⅝	10.77
Den Norsk Cred 11¼ 93	50	92⅝	92⅞	+0⅛	+0⅛	12.60
Denmark Kingdom 12¼ 93	100	96½	97	0	0	12.84
E.C.S.C. 11⅞ 90	75	98⅝	99⅛	+0⅛	+0⅛	12.09
E.D.F. 11⅛ 93	100	91⅝	92⅛	0	+0¼	12.63
E.E.C. 11 87	350	98⅛	98⅝	+0¼	+0½	11.53
E.I.B. 10⅝ 93	200	90⅝	91⅛	+0¼	+0⅝	12.37
E.I.B. 11 91	125	93⅝	94⅛	−0⅛	+0⅛	12.31
E.I.B. 11½ 90	200	96⅝	97⅛	0	0	12.19
Exportfinans 11½ 90	100	96	96½	+0⅛	+0⅛	12.32
Electrolux 10½ 90	50	92¼	92¾	0	+0⅛	12.22
Fuji Int Fin 10⅝ 90	100	92¾	93¼	0	+0⅛	12.59
GMAC O/S Fin 11⅜ 90	100	100¼	100¾	+0⅝	+0⅝	11.24
Honeywell Int 10¾ 90	100	95¾	96¼	0	+0⅛	11.86
IC Indust Fin 11⅞ 88	75	98⅛	98⅝	0	+0⅛	12.42
Indust Bk Japan 11⅞ 91	100	98	98½	+0⅛	+0⅛	12.22
ITT Finance 11½ 88 WW	125	99⅛	99⅝	0	+0⅝	11.64
Japan Air Lines 10⅞ 88	42	91⅛	91⅝	0	+0⅛	12.15
Japan Air Lines 11 93	75	93¾	94¼	+0⅛	+0⅛	12.07
J.C. Penney 11⅞ 90	100	100⅝	101⅛	+0¼	+0⅝	11.68
J. P. Morgan 11⅝ 90 WW	150	97	97½	+0⅛	+0⅝	11.87
Levi Strauss Int 11 90	75	96⅛	96⅝	0	+0¼	11.79
L.T.C.B. 10¾ 90	100	92⅝	93⅛	0	+0⅛	12.39
L.T.C.B. 12½ 90	85	101	101½	+0⅛	+0⅝	12.18
Merrill Lynch 10⅝ 90	200	93⅞	94⅜	0	+0¼	11.97
Mitsubishi Fin 11⅜ 90	100	94½	95	+0⅛	+0⅛	12.57
Nippon Credit 11 90	100	93⅛	93⅝	0	+0⅛	12.54
Nippon Credit 11⅞ 90	100	97	97½	+0⅛	+0¼	12.48
Ontario Hydro 10¼ 90	250	93⅜	93⅞	+0⅛	0	11.68
Ontario Hydro 11¾ 90	200	100½	101	+0¼	+0⅛	11.56
Pacific Gas & Elec 12 91	75	102⅛	102⅝	+0⅝	+0½	11.58
P.K. Banken 12 90 WW	75	96¼	96¾	0	+0⅛	12.78
Prudential 10⅛ 93 WW	150	93¾	94¼	0	−1⅝	11.17
Prudential 10⅛ 93 XW	150	90¼	90¾	0	+0⅛	11.78
Quebec Hydro 11½ 92	100†	95¼	97⅛	0	+0¼	12.83
Sears O/S Fin 11½ 88	125	101¾	102¼	+0¼	+0⅝	10.94
Sears O/S Fin 11⅝ 93	150	98⅛	98⅝	+0⅛	+0⅝	11.90
Sth Cal Edison 10½ 90	75	95⅜	95⅞	+0½	+0½	11.48
Sumitomo Fin 10⅞ 90	100	92½	93	+0⅛	0	12.55
Texaco Capital 10½ 93	200	94⅜	94⅞	+0⅛	+0⅝	11.42
U.B.S. 10 88	100	97½	98	−0⅛	−1	10.64
World Bank 11⅛ 88	100	99⅝	99⅞	+0¼	+0½	11.38
World Bank 11¼ 90	200	96⅞	96⅝	+0⅛	+0½	12.10
World Bank 11½ 90	150	97	97½	+0¼	+0⅝	12.09
World Bank 12 93	200	99¼	99¾	0	0	12.06

Av. price changes: on day +⅛, on week +¼

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amca Int'l 8¼ 91	100	97½	98	0	0	8.65
A.H.A.S. 8½ 91	150	97¾	98¼	+0⅛	+0⅛	8.90
Arab Banking Corp 8 88	100	96⅛	96⅝	0	+0¼	8.82
Asian Dev BK 8½ 93	200	99⅞	100⅜	+0⅛	+0⅝	8.47
Austria, Rep 7⅞ 89	100	100½	101¼	+0⅛	+0⅛	7.41
Avon Int Fin 7½ 93	100	100⅞	101⅜	0	−0⅛	7.32
Barclays O/S 8⅛ 98	250	98½	99	0	+0¼	8.27
Beatrice Foods 7¾ 93	130	102¾	103¼	−0⅛	−0⅛	7.39
Dresdner Finance 4 90 WW	250	82⅞	83⅜	0	−0⅛	7.32
E.C.S.C. 8 90	100	100⅝	101⅛	+0⅛	+0⅝	7.81
E.E.C. 8⅛ 93	250	99⅝	100⅛	0	+0⅛	8.28
E.I.B. 8 93	200	98⅝	99⅛	+0⅛	+0⅝	8.16
Eurofima 7½ 90	100	100⅝	101⅛	+0⅛	+0¾	7.29
Europarat 8¼ 93	150	99¼	100	0	+0⅝	8.38
Finland Rep 8 90	150	99	99½	0	+0⅛	8.14
I.A.D.B. 8¼ 93	150	97⅝	97⅞	0	0	8.61
Int Standard Ele 7⅝ 90	100	99⅛	99⅝	0	0	7.48
Int Standard Ele 7¾ 93	100	101⅞	102⅜	0	−0¼	7.42
Ireland 8⅝ 91	150	99⅝	100⅛	0	+0⅛	8.53
Japan Dev Bank 7½ 90	100	99¾	100¼	−0¼	−0⅝	7.48
L.T.C.B. 8 90	100	100⅞	101⅜	−0⅝	+0⅝	7.76
S.N.C.F. 8⅛ 93	100	100½	101¼	+0⅝	+1⅛	7.98
VEBA Int Fin 4 93 WW	300	107⅛	107⅝	+0½	+0¼	3.11
VEBA Int Fin 4 93 XW	300	73½	74	0	0	7.90
World Bank 7⅞ 89	300	99⅞	100½	+0⅛	+0⅝	7.83
World Bank 8 93	300	98⅝	99⅛	−0⅛	−0⅛	8.17

Av. price changes: on day 0, on week +⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amax O/S Fin 7¼ 91	57	78⅝	79	−0⅝	0	11.45
Bank of Tokyo 6 91	100	102½	102¾	+0⅝	+0⅛	5.58
Bergen, City of 5¾ 85	40	100½	100¾	+1	0	5.67
Denmark 6⅛ 91	100	103	103¼	+0¼	+0⅝	5.94
E.E.C. 6 93	100	101½	101¾	+0½	0	5.77
Europarat 6⅛ 93	100	98½	98¾	+0¼	+0⅛	6.31
Int Fund Fin 6¼ 91	40	101	101¼	−1⅝	0	6.05
Int-Am Dev Bk 6 93	100	98½	98¾	0	+0½	6.19
Ireland 6½ 93	60	100	100¼	0	+0½	6.48
Japan Dev Bank 5⅞ 93	100	102	102¼	+0½	+0¼	5.58
Jap Highway Pub 5⅞ 91	100	100	100¼	0	0	5.80
Kansai Ele Power 6 91	100	102¼	102½	−0¼	+0⅝	5.60
Kawasaki Steel 6⅛ 91	100	100½	100⅝	−0⅝	−0½	6.01
Manitoba Prov 5½ 93	100	101	101¼	−0¼	−1	5.35
Mont Blanc Tunl 6⅛ 93	35†	102½	103	+0⅛	0	5.90
Mount Int Finance 6 93	100	102⅜	103⅛	0	+0½	5.58
MTG Bk Denmark 6¼ 91	80	99⅞	100	−0⅝	+0¼	6.27
New Brunswick 5¾ 93	100	103	103¼	+1	+1⅛	5.33
Nippon Tel & Tel 5¾ 93	100	102½	102¾	+0½	+1⅛	5.40
Nisshin Steel 6⅛ 91	100	102½	102¾	+1⅛	+1⅛	5.80
Ostarr Post 6⅛ 91	100	104	104¼	+1½	+1¼	5.43
Quebec Province 5⅝ 93	100	100	100¼	+0¼	+0¼	5.61
Shikoku Elec Power 6 91	100	103½	103¾	+0¾	+1½	5.42
Sumitomo Heavy Ind 6 91	100	102	102¼	0	+0¼	5.65
Tokyo Elec Power 5⅞ 91	100	103	103¼	0	+0¾	5.36
Trizec Corp 6⅛ 93	100	101½	101¾	+1	+1⅞	5.88

Av. price changes: on day +¼, on week +⅞

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 8⅛ 92	15	105⅛	107	0	+0⅛	7.58
E.I.B. 8⅛ 92	15	103	103¾	0	0	7.68

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Int-Am Dev Bk 7⅞ 93	15	100¼	101	0	0	7.78
New Zealand 7⅝ 89	15	103½	103⅞	0	0	6.85
World Bank 7⅝ 93	20	100⅝	101⅛	0	0	7.51

Av. price changes: on day 0, on week 0

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
British Col Hyd 12 93 C$	125†	98½	99	+0⅝	+1¼	12.22
Farm Credit 12¼ 90 C$	75†	100	100½	−0¼	−0⅛	12.16
Loblaw 12½ 90 C$	35†	97¾	98¼	0	+0⅛	12.85
TD MTG Corp 12½ 88 C$	40†	100⅝	101⅛	0	+0⅛	12.17
Quebec Hydro 12⅝ 93 C$	50†	101½	102	+0⅛	+0⅛	12.41
Royal Trstco 12⅝ 88 C$	50†	101½	102	+0½	+0½	12.11
World Bank 12¼ 90 C$	75†	100½	101	+0½	+0⅝	12.06
E.E.C. 11 93 ECU	50	102⅛	103¼	0	+2⅝	10.54
Genfinance 11 90 ECU	60	99½	100¼	−0⅛	+0⅝	11.08
Algemene Bank 8¼ 88 Fl	150	102⅞	103⅜	+0¼	+0½	7.98
Bank Mees & Hope 9 88 Fl	75	103⅜	103⅞	+0⅛	+0⅝	8.03
Elec Sup Brd 8⅝ 88 Fl	75	97¼	97¾	+0⅛	+0⅛	9.44
P.H.P. 8⅝ 88 Fl	50	102½	103	+0⅝	+0¼	7.90
Swed Exp Cred 7¾ 88 Fl	100	97	97½	+0⅛	+0⅝	8.53
World Bank 9 88 Fl	100	103⅝	104⅛	+0⅝	+0⅝	7.85
O.K.B. 14 86 FF	400	100⅞	101⅞	0	−0¼	13.16
Solvay & Cie 14⅝ 86 FF	200	102⅝	103⅛	0	−0⅛	13.22
B.F.C.E. 11½ 88 £	50	99⅛	99⅝	0	+0⅝	11.61
British Oxyg 11⅜ 91 £	50	100⅝	101⅛	0	+0½	11.56
CEPME 11¼ 95 £	35	103⅞	104⅜	0	+0⅝	10.57
CIBA-Geigy Int 6⅝ 93 £	25	100⅞	101⅞	+0⅝	+0⅝	6.55
Commerzbank 11½ 90 £	25	97⅝	98⅛	+0⅛	+0⅛	11.99
E.E.C. 11⅞ 91 £	50	100⅝	101⅛	0	+0⅛	11.65
E.E.C. 11⅞ 93 £	50	100⅞	101½	+0⅛	+0⅛	11.66
Fin For Ind 10½ 88 £	20	95	95¾	+0⅛	+0⅝	11.53
Finland Rep 11⅞ 88 £	50	100½	101¼	0	+0¼	11.50
Gen Elec Co 12½ 89 £	50	103¾	104¾	0	+0¼	11.34
I.I.I. 10¾ 93 £	25	95	95¾	+0⅛	+0⅛	11.55
I.I.I. 11½ 91 WW £	50	98⅞	99⅝	0	−0¼	11.84
Norsk Hydro 12 90 £	30	100⅞	101½	+0⅛	+0⅛	11.72
Sweden 11¼ 93 £	50	98½	98⅞	0	0	11.49
Swed Exp Cred 11¼ 88 £	30	98¼	99	0	0	11.61
World Bank 11⅛ 88 £	100	99	99¾	0	+0½	11.27
Eurofima 10 91 LuxFr	800	99⅛	100⅛	0	0	10.06
Europarat 10⅝ 93 LuxFr	800	100¼	101¼	+0⅛	+0⅛	10.60

FLOATING RATE NOTES	Spread	Bid	Offer	C.date	C.cpn	C.yld
Allied Irish Bk 5¼ 95 §	0⅛*	98¼	98½	8/6	10.31	10.48
Banco di Roma 5¼ 90	0⅛*	99½	99¾	7/6	10½	10.54
Belgium 5 2004	0⅛*	98¾	99	9/1	5	5.06
Bk of New Yk 5¼ 96 §	0⅛	99¼	99½	12/1	5¼	5.28
C.C.F. 5⅛ 95	0⅛	99⅝	99⅞	7/4	9.94	9.99
C.C.F. 5¼ 88 §	0¼	99⅞	100⅛	24/3	10.19	10.19
CEPME 5⅛ 98 WW †	0¼†	99¾	100	3/3	10.31	10.33
C.N.C.A. 5¼ 95 XW	0⅛	99¾	100	7/6	10½	10.51
C.N.T. 5⅛ 91	0⅛	99½	99¾	6/5	10.19	10.23
Credit Foncier 5⅛ 93	0⅛	99⅝	99⅞	6/4	10	10.03
Credit Lyonnais 5⅛ 97	0⅛	99½	99¾	1/4	10	10.04
Denmark 5¼ 90 §	⅟₁₆	98¼	99½	13/4	10	10.05
Dresdner Fin 5¼ 93 XW §	0¼	100	100¼	19/4	9.94	9.93
EAB Fin 5 93 §	0¼*	99⅞	100⅛	20/6	10.69	10.66
E.D.F. 5¼ 95 XW	0⅛	99¾	100	10/2	11⅜	11.39
E.E.C. 5 90	0⅛	99⅞	100⅛	5/1	10.19	10.19
Fst Interstate 5¼ 95 §	0⅛*	99¼	99½	6/3	9.94	10.00
Fuji Int'l 5¼ 96 §	0⅛*	99½	99¾	12/1	5¼	5.27
GZB 5¼ 98	0⅛*	99⅝	99⅞	29/5	10.19	10.24
Hispano 5⅛ 85	0⅛	97⅞	98⅛	20/4	10	10.20
Nat Bk Canada 5¼ 91 §	0⅛†	98⅝	98⅞	5/1	5¼	5.32
Saitama Int 5¼ 93	0⅛*	99⅞	100⅛	5/6	10.18	10.19
Soc Generale 5¼ 90 XW	0⅛	99⅝	99⅞	9/5	10.31	10.34
Sweden 5¼ 93	0⅛	100⅛	100⅜	3/2	11.19	11.16
Sweden 5¼ 2003 §	0⅛*	99½	99¾	17/5	10.19	10.23

Av. price changes: on day +⅛, on week 0

CONVERTIBLE BONDS	Conv. date	Conv. price	Bid	Offer	Chg. day	Prem
Bridgestone Tire 5½ 96	3/82	470	139⅝	141⅛	+0¼	1.82
Canon 7 97	7/82	680.2	245	247	+1	−0.72
Daiwa Sec Co 5½ 98	10/83†	481.8	100	101½	−0½	−3.50
Fanuc 3¾ 98	1/84	9142	118⅝	118⅝	+0⅛	6.49
Hitachi Cable 5¼ 98	2/82	515	125½	127	+0½	−1.33
Honda Motor 5¼ 98	6/83	884	128¼	129½	+0½	1.20
Honda Motor 5½ 97	3/83	760.6	147	148½	+0¼	−0.77
Konishiroku Photo 4 98	10/83	573	102¼	103¼	+0½	4.88
Kyowa Hakko 6¼ 97	2/83	782	111	112½	0	0.13
Minebea Co Ltd. 5½ 98	5/83	667	110⅝	111⅝	+0⅝	−0.03
Mitsubishi Electric 5¼ 98	6/83	396	111⅞	112⅞	+0½	1.41
Mitsubishi Heavy 4⅝ 99	1/84	253	100⅛	100⅝	+0½	−1.38
Nippon Electric 5¼ 97	2/82	785.0	184½	186¼	+0½	−0.89
Nippon Oil Co 5½ 98	4/83	984	114⅝	115⅝	+0¼	8.22
Nissan Motor 5⅝ 98	4/83	780	108⅝	109⅝	+0⅝	−0.60
Olympus Optical 6⅛ 97	12/82	1157	111½	113	+0⅝	4.74
Orient Leasing 5¼ 98	8/83	2680	88¼	89¼	0	−0.09
Secom 5 98	11/83	2920	149½	151	+0½	2.09
Yamaichi Sec Co 5 98	8/83†	448.5	97	98½	+0½	−2.05
Yamanouchi Pharm'cal 4 90	10/83	1808	101⅞	103⅛	+0½	28.06
Bridge Oil 4½ 93 SF	3/84	3.43	109	111	0	15.43
Setsu Paper 3⅞ 93 SF	9/83	718	103	105	+0¼	16.05
Asics 5 92 DM	12/83	520	116⅝	117¼	+2¼	7.73
Konishiroku 6¾ 88 DM	6/82	616	122⅛	123½	−0½	−2.31
Sun Realty 6⅛ 92 DM	2/83	385	132⅝	133⅞	−0⅝	−5.62

* No information available-previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield to redemption of the mid-price: the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week – Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. date – Date next coupon becomes effective. Spread – Margin above six-month offered rate (†† three month; § above mean rate) for U.S. dollars. C.cpn. – current coupon. Cu. yld – current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day – Change on day. Cnv. date – First date for conversion into shares. Cnv. price – Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem – Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Deutsche Babcock back in the black

By Our Financial Staff

DEUTSCHE BABCOCK, the West German power station and engineering group said it returned to profitability in the fiscal year to September 30 after losing DM 389m ($141m) in the previous year.

It described the past fiscal year's results as "slightly positive." The 1981-82 loss, which prompted Babcock to omit its dividend for the first time in 33 years, had been blamed on deficits generated by some large energy plant projects in oil-producing countries.

Babcock said group order inflow in the past fiscal year rose 6.2 per cent to DM 7.1bn with exports still accounting for an unchanged 54 per cent of the prospective business.

Total group revenue rose 27 per cent in the year to DM 8.1bn, thanks to income from some large orders. Babcock projected total income of about DM 7bn for the current year.

The company's order backlog slipped DM 1bn to DM 10.6bn during the year.

The group's workforce declined by about 3,000 to 29,570. Babcock's net bank debt declined during the year by DM 140m to DM 209m.

Sharp decline in profits at Air Malta

By Godfrey Grima in Valletta

AIR MALTA has reported another sharp decline in profits for the year ended March.

Mr Albert Mizzi, chairman, told the annual general meeting taxed profits fell to M£171,000 ($384,000) from M£851,000 in 1982 when a substantial decline was reported over the previous year's record profits of M£1.6m.

This has been the state-owned airline's most difficult year since it was set up in 1974. Not only have profits fallen to their lowest level but revenue too is down by an unprecedented 6.5 per cent. As a result returns on equity and capital have fallen drastically.

Dresdner Bank opens new Swiss branches

By John Wicks in Zurich

DRESDNER BANK (Schweiz) has been set up in Zurich, with a branch in Geneva, as part of the international expansion programme of the Frankfurt-based Dresdner Bank.

The parent company will hold 80 per cent and its international subsidiary in Luxembourg 20 per cent of the SwFr 40m ($18m) share capital.

The step also means an upgrading of the bank's activities in Switzerland. Until now it has been represented there by a branch operation of the Cie Luxembourgeoise de la Dresdner Bank (Dresdner Bank International), whose assets and liabilities will be taken over by the new subsidiary.

Belgian metals group raises annual payout

BRUSSELS – The Belgian non-ferrous metals producer and refiner Metallurgie Hoboken Overpelt has proposed a BFr 15 increase in its net dividend to BFr 235 ($4.1) a share for the fiscal year to September.

However, if the Belgian Government increases the tax payable on dividends, the net payout will be BFr 220, the same as the previous year, the company said.

The group will not be announcing the full-year results until a stockholders' meeting on February 23, but the company said profits for 1982-83 would probably be higher than last time.

Thomson-CSF to buy Jaeger unit

PARIS – The French communications company Thomson-CSF said it will take over the part of Jaeger Avionique et Systèmes, which produces flight instruments.

This section of Jaeger Avionique, a subsidiary of Jaeger, employs 800 workers and had an estimated turnover of FFr 240m ($28.46m) in 1983.

The section will be merged with Thomson-CSF's own aeronautic equipment section which has an annual turnover of about FFr 3.5bn.

No financial details of the agreement have been announced.
Reuter

Birla sells controlling stake in textile group

BY WONG SULONG IN KUALA LUMPUR

THE BIRLA group, one of India's biggest industrial conglomerates, has finally agreed to sell its controlling stake in the loss-making India-Malaysia Textile (IMT) to a Malaysian group.

Resources Industries is to buy 5.4m shares of IMT, representing 51.4 per cent of the company from Birla, and from Flowersong of Switzerland for 4.88m ringgits (U.S. $2.1m).

Resources Industries is headed by Mr Tamrin Ghafar, a son of Mr Ghafar Baba, the prominent Malay politician who is also chairman of Pegi, the largest shareholder in Dunlop Holdings of the UK.

The Birla group has been negotiating with Malaysian businessmen for several years to take over IMT. Early this year, as many as four different groups were bidding for IMT, but they fell through.

IMT began operations with a factory in Penang State in 1966, and has since incurred accumulated losses totalling nearly 15m ringgits. Its main attraction now is its public listing.

Mr Tamrin, a housing developer, is going into the venture with Mr Bahktiar Tamin, a former banker, and the two are expected to revive the company by diversifying its activities, particularly into property development.

The Malaysian authorities have given approval to the Low Yat group, a leading hotelier and developer, to make a reverse takeover of a publicly listed company. They have drastically revised the terms in favour of minority shareholders.

Singapore banks face curbs

BY CHRIS SHERWELL IN SINGAPORE

A BILL to tighten controls over the banking community's ability to grant loans and credit to individuals or companies has been introduced in the Singapore Parliament.

Bankers studying the details have been surprised by the changes, but most believed it was in line with the expressed intentions of the Monetary Authority of Singapore, the country's equivalent of the central bank, which is anxious to create a well-managed international financial centre.

The key provision in the Bill says a bank shall not grant credit facilities to "any one person, firm, corporation or company" in excess of 30 per cent of the bank's capital funds. This halves the limit of credit facilities granted to any single borrower or group of associated borrowers.

Another clause forbids a bank from granting "substantial" loans which exceed 50 per cent of its total credit facilities "or such other percentage as the Authority may from time to time determine." A "substantial" loan is specified as 15 per cent of a bank's capital funds.

The draft legislation is unlikely to become law for some months and bankers say they want time to study it more closely before giving a considered response. But it is clear that, if the Bill becomes law it will strengthen the Monetary Authority still further in its dealings with the banking community.

The Stock Exchange of Singapore (SES) said there would be new regulations regarding ownership and paid-up capital of listed firms and listing of foreign companies from January 1, 1985, Reuter adds.

The SES will drop the present requirement that no more than 10 per cent of the paid-up capital of a listed company may be in the name of nominees.

An existing requirement, that 25 per cent of the paid-up capital must be in the hands of not less than 500 shareholders each holding 500 to 10,000 shares, will be relaxed.

Annual reports will have to show turnover figures, an analysis of shareholdings and a complete shareholders' list within five months of the financial year end.

Stock market at record high, Page 14

WEEKLY U.S. BOND YIELDS (%)

	Dec 28	Dec 21	1983 High	1983 Low
Composite Corp. AAA	12.34	12.39	12.60	10.82
Composite Corp. AA	12.50	12.49	12.83	10.78
Government:				
Long-term	11.76	11.90	11.93	10.18
Intermediate	11.53	11.70	12.03	9.83
Short-term	10.85	10.99	11.26	9.21
Municipal	N/A	9.82	10.21	8.72
Industrials AAA	12.04	12.15	12.36	10.51
Industrials AA	12.29	12.37	12.62	10.72
Utilities AAA	12.64	12.64	12.81	10.73
Utilities AA	12.71	12.61	13.05	10.35
Preferred Stocks	11.56	11.47	11.47	10.59

Source: Standard & Poor's

Canadian utility raises C$60m

By Mary Ann Sieghart in London

BRITISH COLUMBIA Telephone Company, the Canadian private utility, is raising C$60m in the EuroCanadian dollar market through a 12¼ per sent bond led by Orion Royal Bank and Pitfield MacKay Ross. The bond has a final maturity of 15 years, but there are put options for investors after 5 and 10 years, so it will be traded in the market as a five-year bond.

Though the Canadian dollar sector has recently been rather overloaded with paper five-year issues are still in demand and dealers reported reasonable interest in this one at a discount of 1½ points.

BHF Bank bond average		
Dec 29		Previous
98.273		98.193
High	1983	Low
102.017		97.699

Secondary markets in dollar, D-Mark and Swiss franc bonds were extremely quiet.

● The recently established Californian subsidiary of South Korea's Hyundai group, Modern Electrosystems, signed a U.S.$30m loan agreement with a syndicate of international banks in Hong Kong yesterday.

Companies and Markets **UK COMPANY NEWS**

Strong all-round growth shown by Standard Life

AN OUTSTANDINGLY successful year for new individual life and pensions business in 1983 is reported by **Standard Life Assurance Company**, the largest life company in Scotland.

New annual premiums on its UK ordinary life business increased by nearly 150 per cent, from £30.3m to £74.6m, thanks to a boom in mortgage related policies following the change-over to MIRAS—the system whereby mortgage interest is paid net of basic rate tax.

New annual premiums on mortgage endowment contracts jumped fourfold from £12.6m in 1982 to £53m in 1983.

Sales of self-employed pensions contracts continued strong in 1983 with new annual premiums rising 70 per cent to £6.4m and single premiums by nearly 50 per cent to £12.5m. However, growth in executive pensions business was more modest.

The other major growth area for new business was in unit-linked contracts where single premiums nearly tripled to £47.7m and annual premiums showed a two-thirds rise to £1.8m.

Ordinary life business in the Republic of Ireland showed significant growth with new annual premiums advancing from £900,000 to £1.3m and single premiums from £37.7m to £46.3m.

The company also managed to improve its group life and pensions business in the UK and Ireland, despite the continued impact of the recession on company pensions business. Total premium income increased from £188.6m to £206.7m, a rise of 11 per cent. There were 162 new insured schemes written during the year, compared with 131 in 1982, while there were 25 new clients in the managed funds.

Business in Canada showed steady growth in all sectors. New annual premiums on ordinary life business rose from C$4.1m to C$5m, and single premiums from C$46.3m to C$52m. Total group life and pension premium income improved from C$254.6m to C$272.9m.

● **United Kingdom Provident Institution** also experienced a very successful year for new life and pensions business with new annual premiums advancing by more than 50 per cent, from £27.2m to £41.2m, and single premiums by nearly two-thirds, from £51.3m to £84.5m.

The main growth area was in the sale of mortgage-related contracts, thanks to MIRAS, where new annual premiums rose three-fold from £1.5m to £5.2m even though UKP was not on any of the special panels of life companies offered by building societies.

However, the company recorded steady increases in its other individual life business. New annual premiums on its moneymax Income and Growth Plans rose from £3.2m to £5.5m, while associated single premiums climbed from £32m to £53m.

Self-employed business continued buoyant with annual premiums of £3m, against £2.4m, and single premiums of £12.2m against £9.7m. Individual pension plans sales also moved forward steadily, while the new group pension money purchase policy sold £1.3m in the first two months since launch.

● The main success story in 1983 for **Scottish Provident Institution** is the welcome given by the market to its entry into the unit-linked sector at the beginning of November.

Over £23m of new premium was received in the two months and this accounts for the doubling of single premium business in 1983.

The company participated in the MIRAS boom with new annual premiums jumping 150 per cent to £6.5m. Self-employed pensions premium improved around 10 per cent.

Thus new annual premiums on non-linked business rose from £6.2m to £9.8m, but non-linked single premiums were halved from £11.76m to £5.3m.

Netpremium income of pension scheme business was cut from £8.7m to £7.3m, but rose on managed fund business from £2.35m to £3.27m.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interim: H. J. Baldwin.

FUTURE DATES

Interims—

Dowty	Jan 18
Fitch Lovell	Jan 12
Hellas	Jan 4
Pennine Resources	Jan 9
Radiant Metal Finishing	Jan 4
Thorn EMI	Jan 13

Finals—

Hawtin	Jan 18
Imperial Chemical Industries	Feb 23
Lloyds Bank	Mar 9
Watson and Philip	Jan 6

Eagle Star £934m bid battle reaches climax

The two-month-old £934m bid battle between **BAT Industries**, the tobacco and retailing group, and West German insurance company, **Allianz, for Eagle Star**, the UK insurer, comes to a climax today.

The two companies must reveal their final bids by 5 pm *this afternoon or announce that* they have reached agreement on a compromise under which one of the bidders will withdraw.

The two sides began talks on Wednesday aimed at reaching a compromise. BAT's strong card is the approval that the Eagle Star board has given to its bids, while Allianz is in a strong posi*tion with its 29.9 per cent hold*ing in Eagle Star.

Allianz first approached Eagle Star late in 1980, seeking to take a substantial minority holding, but was rejected. In June 1981, Allianz staged a dawn raid on Eagle Star, acquiring a 14.9 per cent holding. It raised this to 28.1 per cent a few days later.

On October 19 1983 Allianz raised its holding to 29.9 per cent and offered 500p per share for the rest of the Eagle Star equity. On November 2 BAT launched a 575p counter offer which was accepted by the Eagle Star board.

BAT announced yesterday that its latest offer of 675p per share had been accepted by the owners of 1.96 per cent of the shares—BAT already owns a 0.72 per cent holding. This offer, which has been matched by Allianz, has been extended to January 13.

An extraordinary meeting of *Eagle Star shareholders* yesterday approved a resolution to reorganise Eagle Star's share capital in the event of the Allianz offer becoming unconditional.

Eagle Star's shares rose 6p yesterday to 714p, valuing the company at £987m.

Another Virani joins Belhaven board

Mr Zulfikar Virani has been appointed an executive director of *Belhaven Brewery. He will* take charge of its holiday businesses in a move which strengthens the Virani hotels and property group's position at Belhaven.

Mr Zulfikar Virani is one of three brothers who run the Virani group, which is headed by Mr Nazmu Virani, who was *appointed a non-executive direc*tor of Belhaven earlier this year.

A close business associate of the Viranis, Mr Ishaq Yaqoob was also yesterday appointed as a non-executive director of Belhaven. The Virani Group has built up a holding of 27.31 per cent in Belhaven in recent months and is now the largest *shareholder*.

Hales Properties

Hales Properties, the Birmingham-based development group, is expected to announce the outcome of discussions about an offer for the group within a fortnight.

The company is not disclosing the source of the offer. In the market, Hales' price has shot up to 120p, valuing the company at £3.4m. The Hales family holds 45 per cent of the shares and Wesleyan and General Assurance has 25 per cent.

Reed Stenhouse could not justify raising terms

Reed Stenhouse, the Canadian insurance broker, has written to shareholders in **Stenhouse Holdings** explaining why its £53m offer will not be increased.

The offer has been extended until January 11. It is currently worth 144.1p per share and has received sufficient acceptances to lift Reed Stenhouse's holding to 39.5 per cent.

Reed Stenhouse explains that any improvement on the terms could not be justified to its own shareholders who are also required to approve the merger. In any event, an increase in the offer "would probably affect the Reed Stenhouse share price which has remained stable since the announcement of the offer. Any fall in the share price would reduce the value of the offer to you as well as adversely affect the existing Reed Stenhouse shareholders."

The bidder also stresses that accepting Stenhouse Holdings shareholders gain an immediate 35.9 per cent increase in capital value over the price prevailing before the offer was announced, and will "benefit substantially from the unlocking of the discount between share price and net asset value."

Uncommitted Stenhouse Holdings shareholders are reminded that the terms resulted from "intensive negotiations." Reed Stenhouse was "negotiated to its limit" in setting out the offer in the strong belief, encouraged by the Stenhouse Holdings board, that by adding 4p cash per share to the value of the terms, its offer would be "unanimously recommended."

MINING NEWS

Inspiration Resources cuts nine-month deficit

BY GEORGE MILLING-STANLEY

CLOSE ATTENTION to cost control has enabled **Inspiration Resources** to reduce its net loss for the first nine months of 1983 by more than a third.

There has, however, been some worsening of the position in the latest quarter, with the net loss of U.S.$23.39m (£16.7m) amounting to not far short of half the total deficit for the nine months.

Losses for the first three-quarters of the year totalled $51.76m, compared with $70.46m in the same period of 1982.

Inspiration, which earlier this year became the main operating subsidiary of **Minerals and Resources Corporation** (Minorco), the principal international investment vehicle of South Africa's **Anglo American Corporation/De Beers Consolidated Mines** group, said the losses were "clearly unsatisfactory."

Mr Reuben F. Richards, chairman and chief executive officer, pointed out that the reduction in the loss over the first nine months of the year reflected improvements in operating efficiency, rather than increases in prices for the group's various *products*.

Copper in particular has been a disappointment, especially in the latest quarter, with the price falling back to around 60 cents per pound after the earlier recovery to above 80 cents.

Fertiliser and agricultural chemicals were also a problem, with the performances of the Iowa-based Terra Chemicals representing the biggest single downturn of any of Inspiration's divisions.

The oil and gas operation of **Trend International** remained in profit, but at lower levels than in the previous year.

The small but increasingly important precious metals subsidiary **Inspiration Mines** was profitable, with the Black Pine silver mine in Montana as the major contributor.

Additional silver properties are being developed, and during the past quarter Inspiration acquired three small zinc mines from New Jersey Zinc.

Dollonds Photo cuts into loss at halfway

FOR THE six months ended July 31 1983, the pre-tax loss at **Dollonds Photographic Holdings** has been cut from £216,846 to £143,374. After this financial year the photographic division will cease to be a drain on the group's resources.

As announced in October, the company has decided to pull out of retailing photographic equipment. The sale of the leasehold premises is proceeding satisfactorily, and the disposal of stocks is in accordance with expectations, the directors report. Losses in the division will continue to be reflected in the results for the full year ended January 31 1984.

Proceeds from the sale of the leases of the subsidiary, together with the related costs including redundancy, will be dealt with in the full-year accounts.

The Geoff Axtell Group, which produces special effects for TV commercials and feature films, made a "significant contribution" to the results in respect of the six-week period of ownership to July 31. Agency Estate Investments, the estate agency in which Dollonds took a 51 per cent interest recently, is trading and its results to date are in excess of the budgeted forecasts.

Group turnover for the half year came to £1.54m, against £1.74m, excluding VAT. The loss was struck after depreciation and amortisation £18,227 (£13,863), interest £20,079 (£6,606), and included investment income £1,791 (£145).

● comment

Dollonds is a classic example of just how fashionable shell companies have become. Since the new owners clapped eyes on the ailing photographic company at the start of the year, its shares have increased in value nearly 12-fold to end yesterday at 323p, capitalising the group at £2.9m. By Christmas, all 22 of the photographic shops had been sold, producing a book profit enough to wipe out that division's £300,000 borrowings and leave some cash in the kitty. Meanwhile, the directors have acquired a television special effects company, which should contribute around £120,000 to the full year, and set up a joint venture in an up-market estate agency. The residue of photographic losses will still leave the bottom line awash with red ink at the year end, but profits are on the cards for 1984-85. So far, the directors are happy to borrow—£400,000 to date—to finance the estate agency, which has opened three branches and plans 10 more within the next few years. But if they make any further acquisitions, as seems likely, a rights issue could be in prospect.

Share stakes

Jove Inv. — Director S. J. Cockburn, has purchased 380,000 beneficial shares.

Yorkshire Chemicals—*Director* Dr J. V. Butcher, has acquired 10,000 ordinary and his spouse 3,000 ordinary.

Johnson and Firth Brown—Director R. Shephard has purchased 120,000 ordinary at 6p per share.

APPOINTMENTS

Financial director of Fairey Marine

Mr **Brian Peverley** has been appointed financial director of FAIREY MARINE, a member of the Fairey Holdings group. For the past two years he has been a consultant advising small and medium sized companies on financial planning, management control systems and procedural reviews and commercial and financial aspects of exporting. From 1965 to 1981 Mr Peverley was employed by the Booker McConnell group, finally as finance director of Fletcher and Stewart.

★

Mr George W. Hague retires as managing director of TR NORTH AMERICAN INVESTMENT TRUST on December 31, but remains a director.

★

After 13 years as chairman of SANDELL PERKINS **Mr Richard Carr** reverts to deputy chairman on January 1. **Mr Timothy Perkins** has been appointed chairman and **Mr Ted Adams** and **Mr David Perkins** become joint managing directors. **Mr John Marshall** takes over as timber products director on April 1.

★

Mr H. E. Taylor has been appointed a regional director of the central London regional board of LLOYDS BANK from January 1. He recently retired as regional general manager, central London (west).

★

Mr T. E. Williams will retire as director of the GAUGE AND TOOL MAKERS ASSOCIATION from December 31. He will be succeeded as chief executive of the association by **Mr A. R. Smith** who has been secretary for the past 14 years. The new secretary is **Mrs C. Blackwell** who has been executive assistant to the director for the past five years. Mr Williams will retain his links with GTMA in a consultancy capacity.

★

Mr Clifford A. Parr has been appointed a director of JOHN TOWNSEND AND CO. (HOLDINGS).

★

In anticipation of the chairman, **Mr F. R. D. Holland's** retirement in March, C. E. HEATH has appointed **Mr D. H. Newton** chairman from January 1.

★

MIKAR GROUP has made three board appointments. **Mr David H. V. Brookes**, previously a non-executive director, returns from work overseas to become managing director of Contamination Control Apparel. **Mr Craig Duncan**, general manager of Ace Protective Wear since 1979, joins the board as managing director. **Mr Robin Hill** is appointed financial director of CCA, Ace and Diamond Wet Suits, the third operating company in the Mikar Group.

★

Mr J. M. Thomson, a main board director of Brooke Bond Group, has been appointed a non-executive director of BEATSON CLARK from January 1.

★

Dr Graham Raper, deputy chairman of Davy Corp. is chairman of DAVY BRITISH RAIL INTERNATIONAL, the joint venture company set up earlier this month by Davy and British Rail. **Mr Ian O. Nichols**, until recently head of Davy McKee's San Francisco operation has returned to the UK to become joint managing director of the new company with **Mr J. E. (Ian) Todd** who moves from British Rail's consultancy subsidiary Transmark. Other board members are: **Mr J. A. C. Evans**, managing director of Transmark; **Mr E. J. Harris**, chairman, Railway Industry Association; **Mr R. T. Kingdon**, chief executive, Davy McKee *Teesside*; ***Mr H. Kline****, chairman*, GEC Transportation Projects and **Mr J. G. Urquhart**, chairman of Transmark and a member of the British Rail board.

★

Mr A. D. Ewart and **Dr J. Pearson** have been appointed joint managing directors of LONDON AND SCANDINAVIAN METALLURGICAL COMPANY.

★

Mr Robin W. Adam will join the board of MOTHERWELL BRIDGE HOLDINGS as a non-executive director, early in the New Year. He recently retired from the British Petroleum Company where he held the position of deputy chairman.

★

SPERRY VICKERS has appointed **Mr John Forrest** as director of its UK hydraulics business from January 3. He succeeds **Mr John Churchill**, who recently resigned. Mr Forrest joined Sperry Vickers in 1965. He was European director, materials and distribution, and general manager of the UK pneumatics operation at Telford.

★

The BRITISH LINEN BANK has made two appointments to its court—**Mr James Miller** as a non-executive director, and ***Mr A. D. (Sandy) Nicol*** *as an* executive director. Mr Miller is chairman and managing director of James Miller and Partners, Edinburgh, whose main activities include civil engineering, public works contracting and open cast mining. Mr Nicol will continue as chief executive of Capital Leasing, the bank's *wholly-owned subsidiary, and in* addition will assume responsibility for other areas. Until March 1983 he was managing director of Parsons Peebles. The British Linen Bank is the merchant bank of the Bank of Scotland Group.

★

From January 1 **Mr Barrie Thompson** will be promoted from marketing manager to marketing director of SYNTEX PHARMACEUTICALS. He will be succeeded by **Mr Ken Ewen**, senior product manager.

★

CHUBB FIRE has appointed **Mr R. J. Bell** to the board of Chubb Fire Security as European operations director. Mr Bell who was previously Chubb Fire's group chief accountant has also been closely involved with the European division for more than eight years.

★

TERRAPIN HIRE, subsidiary of the Terrapin International *Group, has appointed* **Mr Mike McLellan** as managing director from director/general manager and **Mr Tim Mason** as sales director from sales manager. Mr **Ronald Jones**, previous managing director, continues as chairman.

INTERNATIONAL MARKETS

WALL STREET

Twinge of seasonal indigestion

A DIFFICULT, and somewhat confused, trading session emerged on Wall Street yesterday when fundamental investment confidence was upheld by the latest set of U.S. economic indicators but indigestion in the credit markets kept bond prices in check, *writes Terry Byland in New York.*

The stock market opened with gains in leading stocks after the announcement that the index of leading economic indicators had recorded a fall of 0.4 per cent in November. This was seen as further proof that economic growth is moderating and thus rendering less likely any tightening of Federal Reserve credit policies.

But the early advance was stifled when the Federal funds rate, the key short-term market rate, was forced up to 10⅝ per cent as professional traders struggled to meet the Treasury's funding programme and also balance the books ahead of another prolonged holiday weekend.

When the Federal funds touched 10⅝ per cent, the Federal Reserve took pity on the market's plight and intervened with overnight system repurchases. This brought little change in the credit markets, where the funds rate remained high, but the stock market tried to resume its advance.

The Dow Jones industrial average closed 3.05 down at 1,260.16.

Turnover remained moderate and hopes of piercing the Dow Jones 1,300 barrier early in the new year were subdued.

Stock in Gulf United, the insurance company, topped the active list, easing $⅜ to $29¾ after Charter announced it had sold its 9.9 per cent stake.

Oil stocks proved unable to extend the advance of the previous session as investors realised that the increase in heating oil prices by the majors may have little overall effect on profits. Exxon, among the first to raise prices, slipped $⅜ to $37⅛ and similar losses were recorded by Gulf at $43¾, Standard Indiana at $50½ and Atlantic Richfield at $44⅛.

But, once again, there was a number of special situations to provide the features of the market. Getty Oil was active again with the price slipping below the $100 a share offer for 20 per cent of the stock by Pennzoil, suggesting that speculators now consider a rival offer less likely. At $97¾, a fall of $2¾, Getty stock stood at an acceptable discount to Pennzoil's terms from the point of view of the arbitrageurs who are warehousing the stock.

Also pushing the Dow Jones transport average ahead were the rail issues, led by Burlington Northern, $1¾ up at $97¾ and Union Pacific $1⅝ higher at $51⅞.

In technology issues, Honeywell, a weak spot on Tuesday despite the board's forecast of higher sales and profits, dipped $3⅜ to $132 yesterday with investors backing away after reports that a major brokerage house is about to downgrade its rating of the stock.

A feature among steel issues was LTV Corporation, $⅛ lower to $18⅞ on turnover of more than 500,000 shares as investors weighed the chances of a favourable ruling on the proposed merger with Republic Steel.

The credit market was mildly disappointed with the moderate response to Wednesday night's auction of seven year Treasury notes. The key long bond was flat, awaiting the outcome of the auction of 20 year bonds. The long bond ended ½₂ down at 101²³⁄₃₂ to yield 11.79 per cent. Initial reports from the auction of 20 year bonds indicated a satisfactory outcome.

Treasury bills remained inactive while the Federal funds rate soared. Three-month bills were discounted at 8.95 per cent and six-month bills at 9.14 per cent.

Municipal bonds edged higher but this sector remained disturbed by the U.S. Treasury's refusal to grant tax exempt status to Guam's $850m bond, which was, due to close yesterday. If the issue fails, then some investment cash earmarked for it could be available for other similar issues.

Corporate bonds moved up but turnover remained thin.

LONDON

OECD study dampens enthusiasm

THE THREE-WEEK record-breaking Christmas account drew to a quiet close in London yesterday. A continuing substandard volume of business again reflected the large number of investors still enjoying extended holidays, while Wall Street's disappointing overnight performance also inhibited interest.

Prices opened easier with sentiment not helped by the OECD economic study suggesting that any official attempts to dampen inflation further are likely to prove incompatible with continuing economic recovery.

By the close, the Financial Times industrial ordinary index was down 3.1 on the day – but still 15.4 up on the account – at 772.5 and 3.7 off last week's record high.

Easier conditions returned to the gilt-edged market after Wednesday's gains that stemmed from revived optimism about lower U.S. interest rates, as operators awaited any possible new funding arrangements from the Government.

Details, page 15, Share Information Service, Pages 16–17.

EUROPE

Record run extends to final lap

EUROPEAN BOURSES did what was expected of them yesterday by extending their record breaking run. New peaks were reached in Amsterdam, Frankfurt, Paris and Copenhagen, largely as a result of end-of-year factors, while Milan and Madrid closed higher in quiet trading.

The final day of trading for the year in **Amsterdam** brought record highs for the third consecutive session in all the main indices. The ANP-CBS general index, calculated at mid-day, rose 0.9 to 154.2, aided in part by the strong performance by Royal Dutch/Shell, Fl 3.10 stronger at Fl 137.60.

Elsewhere publishing, transport, food and insurance issues improved, while the domestic bond market lagged with most prices unchanged or in a few cases 10 cents to 20 cents higher.

Frankfurt's final session of the year witnessed the FAZ index also calculated at mid-day, gain 0.12 to a record 351.83, although parts of the market later succumbed to profit-taking.

Daimler Benz finished the year at DM 850.50 ex-dividend, a net 50 pfg lower on the day, but over DM 250 higher than last December. Adjusting for the rights issues, the share price improved by over 80 per cent.

Domestic bonds ended on a firmer note with relatively large turnover.

End-of-year stock purchases, largely to benefit from tax concessions, moved **Paris** trading to a new high with the all share index, the Index Tendance, some 0.9 up to 167.9.

Buying was partly affected, however, by a fall in the dollar against the franc and a further ⅛ point rise in the call money rate to 12⅝ per cent.

Shipping shares were the only weak spot in **Copenhagen** which saw the SE index add 1.51 to another all-time peak of 211.85. Insurers were marginally ahead with the trade and services sector scoring the best gains.

A quick reversal of both the previous session's tailspin and initial gloom over higher petrol prices edged **Milan** higher.

Chemicals were a strong point in **Madrid** which closed higher in relatively lighter volume.

Bargain hunting in **Stockholm** left shares mixed in light to moderate trading. Similar trading conditions prevailed in **Zurich**, lightly mixed at the close, although banks were steady to higher.

Prices in **Brussels** ended the year lower in a mixed session.

SOUTH AFRICA

GOLD MINING shares tended generally lower where changed in Johannesburg although trading volume was low.

But in chemicals, AECI added 20 cents to R9 following its announcement earlier this week that it is negotiating to buy from Sentrachem the 40 per cent that it does not already own in the Coalplex polyvinyl-chloride plant. Sentrachem moved up 10 cents to R3.25.

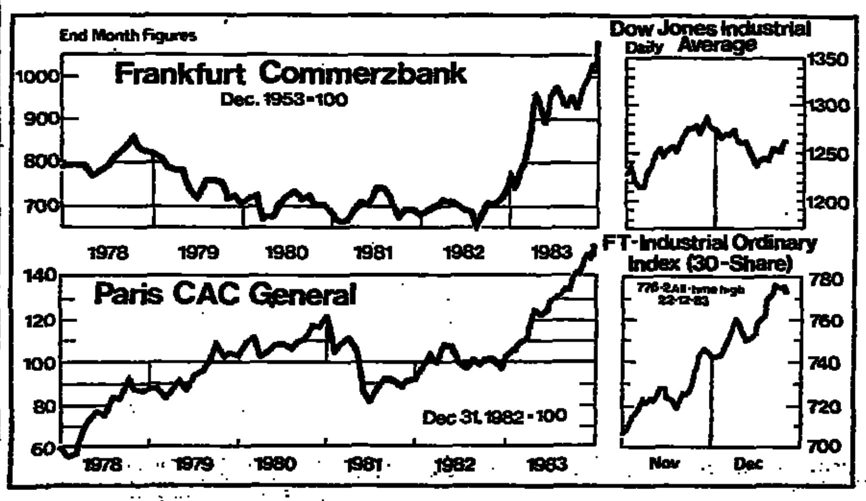
CANADA

STRENGTH in the gold and oil sectors paced an overall advance in Toronto.

Of the 14 major groupings, declines were seen only in papers, consumer products, industrial products and properties.

A slight overall decline was seen in Montreal. Banks managed a small advance but other sectors weakened.

KEY MARKET MONITORS



STOCK MARKET INDICES

NEW YORK	Dec 29	Previous	Year ago
DJ Industrials	1260.16	1263.21	1059.60
DJ Transport	591.98	588.26	450.60
DJ Utilities	131.79	132.68	119.51
S&P Composite	164.85	164.61	141.24
LONDON			
FT Ind Ord	772.5	775.60	593.6
FT-A All-share	468.89	470.01	381.30
FT-A 500	500.68	501.66	420.89
FT-A Ind	460.42	462.39	395.34
FT Gold mines	580.9	594.00	562.2
FT Govt secs	83.15	83.37	81.79
TOKYO			
Nikkei-Dow	closed	9893.82	8016.67
Tokyo SE	closed	731.82	593.72
AUSTRALIA			
All Ord.	770.1	765.60	485.50
Metals & Mins.	555.1	552.50	409.70
AUSTRIA			
Credit Aktien	56.34	56.11	51.08
BELGIUM			
Belgian SE	136.16	136.34	101.12
CANADA			
Toronto Composite	2545.32	2542.70	1934.20
Montreal			
Industrials	441.28	442.66	325.26
Combined	425.73	426.15	321.50
DENMARK			
Copenhagen SE	211.85	210.34	100.19
FRANCE			
CAC Gen	156.50	155.50	102.20
Ind. Tendance	167.90	167.00	120.00
WEST GERMANY			
FAZ-Aktien	351.83	351.71	252.14
Commerzbank	1041.70	1044.00	761.60
HONG KONG			
Hang Seng	877.15	874.15	776.22
ITALY			
Banca Comm.	192.18	191.07	165.46
NETHERLANDS			
ANP-CBS Gen	154.20	153.30	100.50
ANP-CBS Ind	129.30	127.70	84.00
NORWAY			
Oslo SE	220.32	221.57	98.12
SINGAPORE			
Straits Times	1001.05	987.39	731.35
SOUTH AFRICA			
Golds	n/a	877.50	972.00
Industrials	n/a	956.50	733.60
SPAIN			
Madrid SE	116.32	115.62	99.54
SWEDEN			
J & P	1435.38	1429.32	899.70
SWITZERLAND			
Swiss Bank Ind	383.80	384.50	286.70
WORLD	Dec 28	Prev	Yr ago
Capital Int'l	183.50	182.70	154.90

GOLD (per ounce)

	Dec 29	Prev
London	$382.125	$377.875
Frankfurt	$382.50	$378.00
Zürich	$382.25	$378.00
Paris (fixing)	$378.62	$378.07
Luxembourg (fixing)	$379.65	$379.50
New York (Feb)	$385.50	$381.60

* Latest pre-close figure; † Latest available figure

CURRENCIES

(London)	U.S. DOLLAR Dec 29	U.S. DOLLAR Previous	STERLING Dec 29	STERLING Previous
$	–	–	1.4485	1.4350
DM	2.7280	2.7515	3.9550	3.95
Yen	232.20	233.30	336.50	335
FFr	8.3500	8.4200	12.09	12.08
SwFr	2.1800	2.1875	3.16	3.1425
Guilder	3.0690	3.0930	4.4475	4.44
Lira	1662.50	1672.50	2407.50	2399.50
BFr	55.74	56.16	80.75	80.60
C$	1.24425	1.24525	1.8030	1.7870

INTEREST RATES

Euro-currencies (offered rate)	Dec 29	Prev
£	9 7/16	9⅝
SwFr	3 9/16	4 1/16
DM	6	6 5/16
FFr	13½	13½
FT London Interbank fixing (offered rate)		
3-month U.S.$	9 15/16	10⅛
6-month U.S.$	10 3/16	10 5/16
U.S. Fed Funds	10⅝†	9¾
U.S. 3-month CDs	9.55	9.65
U.S. 3-month T-bills	8.97†	8.95

U.S BONDS

Treasury	Dec 29 Price	Dec 29 Yield	Prev Price	Prev Yield
10⅞ 1985	100⁴⁄₃₂	10.76	100⁴⁄₃₂	10.81
11½ 1990	100⁴⁄₃₂	11.72	100⁴⁄₃₂	11.72
11.75 1993	100⁴⁄₃₂	11.72	99²⁴⁄₃₂	11.76
12 2013	101²³⁄₃₂	11.79	101¹⁹⁄₃₂	11.38
Corporate	Dec 29 Price	Dec 29 Yield	Prev Price	Prev Yield
AT & T				
10⅜ June 1990	92⅞*	12.00*	93¼	11.90
3⅞ July 1990	66.619*	11.25*	66⅝	11.25
8¾ May 2000	75⅝*	12.30*	75⅛	12.30
Xerox				
10⅞ March 1993	91⅝*	12.20*	91½	12.20
Diamond Shamrock				
10⅞ May 1993	89½*	12.55*	90¾	12.40
Federated Dept Stores				
10⅞ May 2013	86.417*	12.35*	85¾	12.45
Abbot Lab				
11.80 Feb 2013	95.647*	12.35*	94.90	12.45
Alcoa				
12¼ Dec 2012	95.085*	12.90*	94.724	12.95

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
March	70–07	70–15	70–02	70–13
U.S. Treasury Bills (IMM) $1m points of 100%				
March	90.77	90.82	90.76	90.75
Certificates of Deposit (IMM) $1m points of 100%				
March	90.10	90.16	90.07	90.27
LONDON				
Three-month Eurodollar $1m points of 100%				
March	89.96	90.02	89.94	89.91
20-year Notional Gilt £50,000 32nds of 100%				
March	109–14	109–22	109–10	109–16

COMMODITIES

(London)	Dec. 29	Prev
Silver (spot fixing)	610.60p	612.90p
Copper (cash)	£977.50	£978.00
Coffee (Jan)	£1962.50	£2004.00
Oil (spot Arabian light)	$28.47	$28.37

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
17¼	8⅝	AAR	.44	2.6	21	127	17⅛	17	17¼	-¼
52⅞	30½	ACF	1.40	2.8	225	122	49¾	49⅝	49¾	
22	18¾	AMCA	n			6	21⅝	21½	21½	-⅛
18⅞	14¼	AMF	.50	3.1		552	16⅜	16⅛	16¼	+⅛
39⅞	18⅛	AMR Cp			16	6135	36	35¼	35⅝	-¼
19½	15	AMR	pf2.18	11		61	19	18⅞	19	+¼
40¼	24⅞	AMR	pf2.13	5.7		615	37½	37	37½	+½
16¼	3¾	APL			21	16	14½	14⅜	14⅜	-⅛
65¼	33½	ARA	2.05	4.0	11	185	50⅝	50¼	50⅝	+⅛
79⅞	50¼	ASA	3a	5.4		362	55¾	55⅛	55⅝	+¼
23¾	14	AVX	s .32	1.2	41	28	27½	26¾	27⅛	+⅛
53⅛	36⅜	AbtLab	1	2.2	17	897	45⅝	44⅝	45⅛	-½
33⅛	23¼	AccoW	n.60	2.3	19	30	27	25⅞	25⅞	-¼
27½	17⅛	AcmeC	.40	1.6		37	25⅛	24⅞	25	+⅛
14⅞	7⅛	AcmeE	.32b	2.9	556	3	11⅛	11⅛	11⅛	
24⅞	8⅝	AdmDg	.04	.2	13	70	17¼	16¾	16¾	-⅞
16⅝	15	AdaEx	1.75e	9.7		48	17⅞	17½	17⅝	+¼
19¼	7½	AdmMl	.24	1.5	8	28	16⅛	16	16¼	
16⅝	6⅝	Advest	.12	1.1	7	152	11⅛	11⅛	11⅛	+⅛
35½	12⅛	AMD	s		57	3563	34¼	32¾	33⅝	+⅞
24⅝	13⅛	Aeflx	s		17	262	16¼	15¾	16⅛	-⅛
43½	32⅞	AetnLf	2.64	7.4	9	896	35⅞	35½	35¾	-⅛
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 13

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										

Continued on Page 14

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 12

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										

Continued on Page 14

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–when distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

WORLD STOCK MARKETS

TOKYO

Foreigners underpin growth

SHARES have continued almost consistently upward on the Tokyo stock exchange this year, accelerating toward the end and leaving the Nikkei-Dow index very close to the 10,000 level, *writes Shigeo Nishiwaki of Jiji Press.*

Market participants expect another leg of the bull run in the trading sessions that start on January 4, with the help of a recovery in corporate results in the business term ending next March and greater political stability as evidenced by the coalition of the Liberal-Democratic Party with the New Liberal Club.

The Nikkei-Dow closed the final session of the year at 9,893.82 on Wednesday, 21.9 per cent ahead of last year's close despite some corrections in the course of the year. Two-way trading amounted to Y101,690bn ($434.5bn) in 1983, up by a sizable 44.5 per cent from the previous year's Y70,347bn.

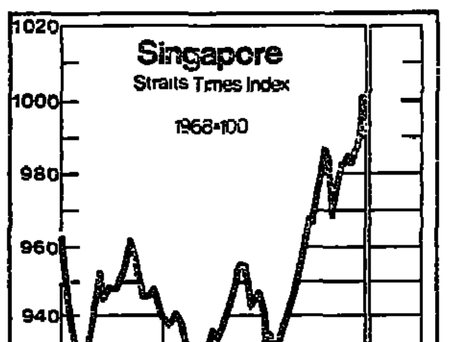
The bull market in 1983 reflected the simultaneous global advance in stock prices on hopes of an economic recovery, but the impact of continued net foreign buying of Japanese stocks between September 1982 and August 1983 can hardly be overlooked.

Foreign purchases and sales on the first section of the Tokyo stock exchange from January 4 to December 17 hit an all-time high of Y10,587.2bn, surpassing the previous high of Y7,765.1bn set in 1982. Foreign activity accounted for 10.9 per cent of total two-way trading of Y94,949.2bn against 8.3 per cent in 1982.

Growth stocks in general remained in the limelight this year. Some of the relatively small-capital Y50 face value stocks with high growth potential attracted foreign buyers and rose above Y10,000. Among them were Takeda Riken (Y15,000), Computer Service (Y11,110), Seven Eleven (Y10,900) and Fanuc (Y10,800).

The second section was spotlighted this year. The index of stock prices there climbed by a sharp 77.7 per cent to finish at 1,504, thanks to the exchange authorities' efforts to enliven the market as well as the growing investor popularity of venture business shares.

Many market participants anticipate an extension of the bull market into next year, prompted by a full-fledged domestic economic recovery, greater political stability, and renewed foreign activity after the year-end festive season and account settlements.



SINGAPORE

Plantations aid record

PRICES in Singapore yesterday broke out of their Christmas holding pattern to surge to a record high in active trading. The Straits Times industrial index burst through the psychologically-important 1,000 barrier for the first time to finish at 1001.05, up 13.66, *writes Chris Sherwell in Singapore.*

Some analysts said the market was technically "very strong" and could go substantially higher over the next few months while others cautioned that fund managers may also be involved in year-end window dressing.

The market has displayed uncertainty about its direction in recent months and trading volumes have slimmed after a strong performance earlier in the year. The all-time high of 28.3m shares traded recorded in July compares with last year's daily average of 6.6m. Yesterday's volume was 15.3m, compared with Wednesday's 10.6m.

Specific positive factors pushing the market higher yesterday were the record response to a share issue by construction group L&M Group Investments, confirmation of a successful takeover of SPP Ltd by Tuan Sing Holdings and the firmness in palm oil prices.

Plantation stocks like Genting, Sime Darby and K.L. Kepong all showed gains. The day's best performer was Bonvest, which finished 6 cents higher at S$1.24. Other strong rises were recorded by Malayan Tin Printing, Tuan Sing Holdings and Jack Chia-MPH.

Rises outnumbered falls by 132 to 39 and the total value of shares traded was about S$45m. The previous record high for the Straits Times index was 992.62, set on August 25. It began the year at 725.

AUSTRALIA

INDUSTRIAL shares buoyed the Sydney stock market to a record high yesterday, as the All Ordinaries index gained 4.2 to 769.9 and the All Industrials breached the 1,000 level for the first time with a 4.6 advance to 1,002.9. Resource stocks also displayed strength.

The records are perhaps not too surprising as some traders, awash with cash, are determined to make investments before the end of the year.

TNT gained 10 cents to A$2.40, while Broken Hill put on 15 cents to A$14.15 on reports from its Wirrah 3 well.

Banking shares were also actively traded.

HONG KONG

INSTITUTIONS, tidying up their portfolios before year-end, were the main source of activity in Hong Kong yesterday, although most leading shares were either unchanged or changed only slightly. The Hang Seng index rose 3 to 977.15.

Jardine Matheson was 10 cents firmer at HK$11.30, Hutchison Whampoa was steady at HK$14.80 although Hongkong Land added 5 cents to HK$2.95.

Other property issues to advance were Cheung Kong, 5 cents stronger at HK$7.30, and Sun Hung Kai, 3 cents ahead at HK$4.85.

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 13

CANADA

DENMARK

NETHERLANDS

AUSTRALIA

JAPAN (continued)

FRANCE

NORWAY

SPAIN

HONG KONG

GERMANY

SWEDEN

SINGAPORE

AUSTRIA

JAPAN

BELGIUM/LUXEMBOURG

SWITZERLAND

SOUTH AFRICA

ITALY

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

Indices

NEW YORK-DOW JONES

STANDARD AND POORS

N.Y.S.E. ALL COMMON

RISES AND FALLS

MONTREAL

TORONTO

U.S. INDICES: CLOSING VALUES, YESTERDAY'S CANADIAN INDICES: LATEST AVAILABLE

NEW YORK CLOSING PRICES

Continued from Page 13

Exchange cross rates every day in the Financial Times

هكذا من الأصل

LONDON STOCK EXCHANGE

MARKET REPORT

Record-breaking Christmas Account ends with index below peak

Account Dealing Dates

Option

*First Dealings	Declarations	Last Dealings	Account Day
Dec 12	Dec 22	Dec 23	Jan 9
Dec 30	Jan 12	Jan 13	Jan 23
Jan 16	Jan 26	Jan 27	Feb 6

* "New-time" dealings may take place from 9.30 am two business days earlier.

The three-week record-breaking Christmas Account drew to a quiet close yesterday. A continuing substandard volume of business again reflected the large number of investors still enjoying extended holidays. Wall Street's disappointing overnight performance also inhibited interest.

Leading equities, which have seen a buoyant run-up to the year-end that has seen the Financial Times Industrial Ordinary share index continually breaking into record highs, succumbed to quiet end-Account influences yesterday. Prices opened easier with sentiment not helped by the OECD study suggesting that any official attempts to further dampen inflation are likely to prove incompatible with continuing economic recovery. In ensuing trade, sporadic profit-taking saw quotations easing further.

The 30-share index opened with a loss of 1.7 at 10 am and was showing a fall of 4.5 at the three afternoon calculations before indications from yesterday's opening on Wall Street prompted a slight rally which left the measure down 3.1 on the day but still 15.4 up on the Account at 772.5 and 3.7 off last week's record high.

Of the constituents, Beecham, Glaxo and ICI all gave ground on fears about increased competition in the international pharmaceutical industry, while BP contrasted with a further small gain on consideration of the big U.S. freeze and the implications for a change in the oil supply/demand picture.

Easier conditions returned to the gilt-edged market after Wednesday's gains that stemmed from revived optimism about lower U.S. interest rates. Disappointed by the overnight performance on the U.S. bond market, dealers opened the Funds around ½ easier. Quotations eased further despite another good showing by the pound and, at one stage were sustaining falls of around ¾ to ½ as operators awaited any possible new funding arrangements from the Government.

In the event, details, after-hours as usual, of £600m new stock, made up of £300m 2 per cent Index-linked Treasury 1990, £100m of 3 per cent Treasury 1986 and £200m of 3 per cent Treasury 1987 made little impact on late sentiment and closing falls of ¾ were still commonplace. The FT Government Securities index, at 83.15, gave up the previous day's rise of 0.22.

Merger hopes continued to underpin discount Houses and Seccombe Marshall rose 15 to 255p, while Cater Allen gained 8 more to 433p, both levels being 1983 highs. Union also advanced 8, to 683p. Among other Financial issues, Merchant Banks moved narrowly either way but the Clearers were uniformly dull.

The possibility of substantial claims arising from the arctic weather conditions in the U.S. unsettled Composite Insurances. All lost ground before regaining composure late following revived American demand for Eagle Star, which retrieved an early loss of 6 to close that much higher on balance at 714p. Phoenix shed 11 to 377p and Commercial Union 5 to 182p, but Royal ended only 5 down at 493p, after 488p, and GRE a net 2 easier at 518p, after 513p. General Accident rallied from 452p to finish 4 lower on the session at 456p.

Noteworthy movements in Buildings were again confined to secondary issues. Scattered support left Marchwiel 4 dearer at 184p and J. Jarvis 5 firmer at 230p, the latter in a limited market. On the other hand, Newarthill slipped to 570p before closing a net 5 off at 575p, while Turriff softened a couple of pence to a low for the year of 196p. Crouch Group, a shade firmer initially on the deal with Federated Housing, drifted back again to close 2 cheaper on balance at a 1983 low of 60p.

Reports on increased competition in the pharmaceutical industry and exchange rate influences combined to leave ICI 6 lower at 644p. Amersham International eased 3 to 202p, but Laporte found fresh support and firmed 4 to a high for the year of 346p.

Strong and Fisher up

Leading Stores continued to drift lower following a subdued start to the traditional post-Christmas London sales. Marks and Spencer eased 4 at 215p, while similar losses were noted for Comet, 5 off at 305p, and Gussies A, 4 lower at 618p. By way of contrast, scattered support was evident for MFI, 3 dearer at 159p, and for Waring and Gillow, 5 up at 95p. Executex Clothes, a recent speculative high-flyer, reacted on end-Acount profit-taking and shed 5 to 45p.

Shoes again featured Strong and Fisher which advanced 8 for a two-day gain of 11 at 95p.

Falls were well in the majority among Electricals as end-Account influences came into play. Arlen dipped 12 to 165p, while revived selling left HB Electronic 7 cheaper at 98p. Occasional offerings left Crystalate 5 lower at 202p. Further liquidation of speculative positions following the company's statement that it knew of no reason for the recent sharp rise in the share price prompted a fall of 7 to 65p in Electronic Machine. In contrast, Atlantic Computers put on 15 to 435p, while Press mention left Microfocus 10 higher at 600p.

Interest in the Engineering sector centred on smaller-priced issues. North British Steel came to life with a rise of 6 to 24p. Aurora improved 1½ more to 13p, while Johnson and Firth Brown closed similarly dearer at 7½p. Elsewhere, Matthew Hall gained 8 to 232p, but Meggitt Holdings, the subject of a New Year recommendation, came back a few pence on profit-taking to 87p.

Foods displayed irregular movements. Dee Corporation continued to respond to the New Year recommendation and firmed 3 for a two-day gain of 37 to 425p, while revived support left William Low 4 dearer at 318p. Butchers Pyke Holdings firmed 5 to 147p, but Tavener Rutledge, a rising market recently on takeover hopes, came back sharply on the withdrawal of speculative support to close a net 8 down at 44p.

Pharmaceuticals easier

Pharmaceutical issues went lower on an FT article about intensified competition, particularly in Europe and the U.S. Beecham gave up 6 at 307p, after 305p. Novo Industries "B" lost 7 points to £191 and Boots slipped 4 to 180p. Comment on the group's rapidly expanding medical/health care division, however, helped BOC International to rise 6 to 288p. Among other Miscellaneous Industrials, a badly executed buying order encouraged "new-time" buying of Bellair which, in a restricted market, jumped 125 to 840p. "Shell" possibilities prompted fresh support of Highgate and Job, up 15 more at 190p, while Macfarlane (Clansman) rose 7 to 141p. Manchester Ship Canal were wanted and rose 5 to 147p—the preliminary statement is due on February 13. Still benefiting from a New Year recommendation, Norcros moved up 3 to 151p, but revived selling on an unwilling market brought Highgate Optical down 10 to 68p. J. Wilkes were also dull at 215p, down 15, along with Cosalt, which reacted 4 to 42p. London Private Health steadied after the interim statement to close 1½ off at 17p, after 16½p.

Among casino issues, Aspinall Holdings shed 5 to 125p as dealers attempted to establish a trading level; the shares, offered for sale in mid-November at 115p, have been as high as 176p. Pleasurama also lacked support and shed 8 to 322p, but Trident TV "A" continued to attract buyers and firmed 2½ more to 120p. Elsewhere in the Leisure sector, Samuelson Group gave up 15 to a low for the year of 300p, while Tottenham Hotspur shed 2½ to 82p.

Octopus stood out among otherwise lacklustre Publishers, rising 15 to 518p on investment support reflecting the prospect of a bumper Christmas trade.

Some of the lesser-known stocks made the running in Properties. Hales Properties attracted fresh support in the wake of the bid approach and put on 20 for a two-day gain of 35 to 120p, while Grainger Trust, dealt in the Unlisted Securities Market, gained 10 to a high for the year of 225p. City Site Estates, also traded in the USM, firmed 3 to a 1983 peak of 43p.

Among Financials, Exco International and Mills and Allen gave up 10 apiece to 595p and 370p respectively.

The improvement in North Sea crude prices following the severe winter weather conditions in the U.S. and Norway's decision to maintain prices in the first quarter of next year gave a fresh boost to sentiment in the Oil share market. Trading was on a relatively modest scale, but Lasmo were outstanding at 291p, up 14. BP settled 4 dearer at 405p and Shell 5 higher at 566p. Irish issues encountered further selling with Atlantic Resources closing 20 down at 640p, after 625p. Elsewhere, Saxon dipped 11 to 242p, but revived buying interest lifted IC Gas 10 to 258p.

The Indian Government's moves to limit tea exports, thereby eliminating a major source of supply and boosting speculation of another surge in London auction prices, prompted some heady gains among Plantations. Eastern Produce closed 11 better at 173p, while Sime Darby, 81½p, and James Finlay, 129p, both added 5. Walter Duncan and Goodricke rose 15 at 640p, while Lawrie firmed 20 to a 1983 peak of 710p. Rubbers again featured Consolidated Plantations, which hardened a couple of pence more to 106½p with the Warrants 5 up at 318p.

Aussie oils strong

The traditionally active sectors of mining markets — South African Golds and Australians—tended to tick over during a relatively quiet day while interest in the natural resources sector was centred on Australian oil stocks.

Strong speculative interest was directed towards many of the "Down-under" oil issues amid rumours of an imminent drilling report from the Tintaburra 1 wildcat well drilled in the Queensland sector of the Cooper Basin.

Talk of a possible oil flow of around 1,750 barrels a day encouraged heavy overnight demand in Sydney and Melbourne and prompted equally significant demand in London for the participants which include a number of exploration minnows.

Among this group, Petroleum Securities jumped 20 to 120p, Hartogen Energy 12 to 172p, Petro-Energy and Pancontinental Petroleum 5 apiece, to 20p and 23p respectively, and Lennard Oil 3 to 17p. Home Energy rose 3½ to 31½p while Lennard associate Monarch Petroleum put on 1½ to 10½p and Magnet Metals 1½ to 6½p. Other Australian oil speculatives to improve included Pelsart, which hardened to 10½p, and Swan Resources, a penny to the good at 21p.

South African Golds fell sharply at the outset, reflecting the trend in bullion prices in overnight American markets, but staged a minor rally in the after-hours' business as the metal price moved above $380. However, the initial selling pressure prevailed and the Gold Mines index showed a 13.1 loss at 580.9. Bullion closed a net $4.25 firmer at $382.125 an ounce.

Financials were little changed but South African antimony/gold producer Consolidated Murchison remained a weak market on persistent profit-taking and dropped 50 more to 725p.

Demand for Traded Options increased slightly and 1,094 contracts were transacted, comprising 796 calls and 298 puts. Commercial Union attracted 164 calls and 15 puts with the January 200 puts 4 better at 21p. Oils featured Lasmo which recorded 160 calls, the February 280's rising 6 to 24p and the 300's 3 to 10p.

FINANCIAL TIMES STOCK INDICES

	Dec. 29	Dec. 28	Dec. 23	Dec. 22	Dec. 21	Dec. 20	year ago
Government Secs	83.15	83.37	83.15	83.14	82.93	82.70	81.79
Fixed Interest	86.29	86.55	86.25	86.23	86.05	85.96	82.18
Industrial Ord.	772.5	775.6	775.0	776.2	772.0	769.8	593.6
Gold Mines	580.9	594.0	592.4	579.3	580.1	570.1	582.2
Ord. Div. Yield	4.59	4.58	4.58	4.55	4.59	4.59	5.07
Earnings, Yld.% (full)	9.38	9.36	9.36	9.38	9.35	9.37	10.92
P/E Ratio (net) (*)	12.99	13.03	13.02	13.14	13.06	13.02	10.98
Total bargains	14,487	16,804	10,812	18,943	20,005	21,120	14,758
Equity turnover £m.	—	112.65	133.33	261.58	264.44	211.59	143.26
Equity bargains	—	10,505	10,140	17,346	16,896	15,648	16,276
Shares traded (ml)	—	80.7	83.6	160.5	165.7	136.5	110.3

10 am 773.9. 11 am 772.3. Noon 771.8. 1 pm 771.1
2 pm 771.1. 3 pm 771.1.

Basis 100 Govt. Secs. 8/1/26. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/1/56. SE Activity 1974.

Latest Index 01-246 8026.

* Nil=12.21.

HIGHS AND LOWS

	1983 High	1983 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs	83.70 (11/11)	77.00 (24/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int	86.41 (7/12)	79.03 (1/2)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	776.2 (22/12)	598.4 (12/1)	776.2 (22/12/83)	49.4 (26/6/40)
Gold Mines	734.7 (15/2)	444.6 (1/11)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY

	Dec. 28	Dec. 23
—Daily		
Gilt Edged Bargains	102.7	92.9
Equities Bargains	68.1	65.7
Value	227.7	269.5
5-day Avrge		
Gilt-Edged Bargains	120.8	132.4
Equities Bargains	91.3	98.6
Value	393.6	417.0

NEW HIGHS AND LOWS FOR 1983

NEW HIGHS (101)

CORPORATION LOANS (1)
LOANS (2)
FOREIGN BONDS (1)
AMERICANS (2)
BANKS (5)
CHEMICALS (4)
STORES (3)
ELECTRICALS (3)
ENGINEERING (4)
FOODS (4)
INDUSTRIALS (13)
INSURANCE (1)
LEISURE (1)
MOTORS (1)
NEWSPAPERS (3)
PAPER (4)
PROPERTY (3)
SHOES (2)
TEXTILES (4)
TRUSTS (30)
OILS (2)
OVERSEAS TRADERS (1)
PLANTATIONS (6)
MINES (1)

NEW LOWS (9)

BREWERS (1)
Whitbread "A"
BUILDINGS (1)
Turriff
STORES (1)
Wigfall (H.)
ELECTRICALS (1)
United Scientific
ENGINEERING (1)
Willey
INDUSTRIALS (1)
London Private Health
LEISURE (1)
Samuelson
NEWSPAPERS (1)
Sharpe (W. N.)
PAPER (1)
Brunning

EUROPEAN OPTIONS EXCHANGE

Series		Feb. Vol.	Feb. Last	May Vol.	May Last	Aug. Vol.	Aug. Last	Stock
GOLD C	$375	21	16.50	—	—	3	44	$382.80
GOLD C	$400	37	6	20	17	—	—	"
GOLD C	$425	116	2.80	5	9.90	18	16	"
GOLD C	$450	2	1.80	6	4.30	—	—	"
GOLD P	$350	—	—	41	3.10	10	5	"
GOLD P	$375	20	5	1	8	—	—	"
GOLD P	$400	148	18	51	20 A	—	—	"

TOTAL VOLUME IN CONTRACTS: 14,655

A=Ask B=Bid C=Call P=Put

LONDON TRADED OPTIONS

Dec. 29. Total Contracts 1,094. Calls 796. Puts 298.
* Underlying security price

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thur Dec 29 1983 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Wed Dec 28 Index No.	Fri Dec 23 Index No.	Thurs Dec 22 Index No.	Wed Dec 21 Index No.	Year ago (approx) Index No.
1	CAPITAL GOODS (203)	464.39	−0.1	9.12	3.84	14.21	464.98	463.85	464.28	463.83	427.19
2	Building Materials (24)	446.82	—	10.95	4.49	11.38	446.96	446.68	447.34	446.44	400.99
3	Contracting, Construction (30)	678.19	+0.1	13.86	5.28	9.01	677.53	674.28	673.87	668.80	738.00
4	Electricals (30)	1623.68	−0.3	8.48	2.42	15.52	1627.79	1628.83	1633.38	1640.12	1681.89
5	Engineering, Contractors (10)	461.54	+0.1	12.58	6.06	10.14	461.29	458.60	457.85	453.40	434.12
6	Mechanical Engineering (59)	213.20	−0.4	11.15	5.30	11.04	213.99	214.51	212.87	211.93	194.15
8	Metals and Metal Forming (9)	177.75	+0.3	9.27	6.68	14.07	177.32	176.86	176.43	175.31	146.36
9	Motors (17)	123.39	−0.9	1.43	4.39	—	124.56	124.09	124.66	122.12	77.40
10	Other Industrial Materials (16)	609.59	+0.3	5.20	3.69	25.46	607.64	597.34	599.50	598.05	361.78
21	CONSUMER GROUP (197)	459.18	−0.6	10.42	4.37	11.74	462.17	462.50	463.05	468.79	401.42
22	Brewers and Distillers (23)	437.05	−0.7	13.47	5.48	9.25	440.27	443.18	443.12	445.66	453.28
25	Food Manufacturing (22)	367.57	−0.3	12.64	5.55	9.25	368.56	367.66	366.78	364.58	322.17
26	Food Retailing (13)	1069.05	−0.2	7.56	2.64	16.98	1071.43	1064.37	1062.06	1057.85	860.74
27	Health and Household Products (9)	717.00	−0.8	6.56	3.06	17.91	723.21	727.19	733.64	726.16	662.37
29	Leisure (23)	618.54	+0.1	8.30	4.47	15.55	618.00	618.04	610.76	608.45	461.80
32	Newspapers, Publishing (15)	1082.29	+0.5	8.03	4.41	14.96	1076.80	1070.73	1069.80	1059.62	627.63
33	Packaging and Paper (14)	217.63	−0.2	10.97	4.65	11.34	218.13	218.65	218.09	217.62	138.97
34	Stores (47)	426.84	−1.2	8.00	3.62	16.97	432.13	431.17	431.50	429.80	376.97
35	Textiles (20)	248.75	−0.7	12.10	4.77	9.57	250.42	251.53	252.42	252.62	171.29
36	Tobaccos (3)	494.20	−0.7	20.16	6.47	5.55	497.79	499.96	501.15	491.06	444.79
39	Other Consumer (8)	449.54	—	10.52	5.71	—	449.48	448.58	448.58	450.82	333.76
41	OTHER GROUPS (84)	422.13	−0.3	7.92	4.16	15.92	423.43	423.87	424.56	420.28	289.30
42	Chemicals (16)	629.78	−0.2	7.03	4.05	18.87	630.91	634.53	637.49	627.81	383.85
44	Office Equipment (6)	109.11	−1.3	8.82	4.71	14.13	110.49	110.07	110.70	110.70	83.71
45	Shipping and Transport (14)	810.80	+0.2	7.83	5.80	17.26	809.13	803.53	803.56	796.90	511.51
46	Miscellaneous (48)	534.39	−0.4	8.75	4.81	13.71	536.79	536.16	535.37	532.62	413.11
49	INDUSTRIAL GROUP (484)	460.42	−0.4	9.59	4.17	13.03	462.39	462.28	462.82	460.75	395.34
51	Oils (16)	941.69	+1.0	11.87	6.30	10.23	932.28	920.52	924.91	922.17	704.19
59	500 SHARE INDEX	500.68	−0.2	9.96	4.51	12.48	501.66	500.56	501.43	499.30	420.89
61	FINANCIAL GROUP (124)	370.09	−0.5	—	5.22	—	371.81	372.00	372.14	371.61	267.24
62	Banks (6)	373.48	−0.7	23.00	6.86	4.72	375.96	377.26	378.97	381.01	274.95
63	Discount Houses (8)	364.53	+1.5	—	7.48	—	359.25	354.41	354.41	361.41	239.99
65	Insurance (Life) (9)	508.49	−0.3	—	4.42	—	509.80	508.28	508.35	505.60	355.68
66	Insurance (Composite) (10)	251.60	−1.0	—	6.10	—	254.17	255.69	255.18	254.36	174.90
67	Insurance Brokers (7)	642.25	−0.4	10.65	4.58	12.85	644.54	646.76	646.96	642.23	488.58
68	Merchant Banks (12)	241.39	—	—	3.93	—	241.49	243.52	242.10	239.25	151.81
69	Property (54)	538.82	+0.1	5.63	3.63	23.77	537.62	534.25	533.39	531.78	414.23
70	Other Financial (18)	261.54	−1.0	10.39	5.20	11.60	264.05	263.20	264.44	265.68	181.14
71	Investment Trusts (107)	481.13	−0.1	—	3.71	—	481.81	480.71	480.27	477.24	356.06
81	Mining Finance (4)	279.42	−0.2	9.44	5.22	13.00	280.10	280.94	280.92	279.92	235.93
91	Overseas Traders (15)	501.43	+0.1	7.64	7.47	18.66	500.90	498.41	498.05	497.24	388.52
99	ALL-SHARE INDEX (750)	468.69	−0.2	—	4.64	—	470.01	469.24	469.84	468.05	361.30

FIXED INTEREST

	PRICE INDICES	Thur Dec 29	Day's change %	Wed Dec 28	xd adj. today	xd adj. 1983 to date
	British Government					
1	5 years	118.17	−0.04	118.22	—	11.39
2	5-15 years	132.16	−0.23	132.46	—	14.01
3	Over 15 years	141.60	−0.24	141.92	—	15.90
4	Irredeemables	151.06	−0.36	151.69	—	14.54
5	All stocks	130.59	−0.17	130.75	—	13.56
6	[illegible]	107.94	+0.05	107.90	—	[illegible]
7	Preference	[illegible]	—	86.55	—	6.52

	AVERAGE GROSS REDEMPTION YIELDS		Thur Dec 29	Wed Dec 28	Year ago (approx)
	British Government				
1	Low	5 years	9.32	9.29	8.59
2	Coupons	15 years	9.98	9.94	9.91
3		25 years	9.73	9.69	10.34
4	Medium	5 years	10.88	10.84	11.04
5	Coupons	15 years	10.55	10.51	11.05
6		25 years	10.00	9.97	10.62
7	High	5 years	11.05	11.01	11.14
8	Coupons	15 years	10.74	10.71	11.28
9		25 years	10.12	10.07	10.85
10	Irredeemables		9.71	9.67	10.17
11	Debs & Loans	5 years	11.44	11.44	12.24
12		15 years	11.54	11.50	12.36
13		25 years	11.57	11.57	12.30
14	Preference		12.29	12.29	13.05

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

RECENT ISSUES

EQUITIES

FIXED INTEREST STOCKS

"RIGHTS" OFFERS

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital: cover based on dividend on full capital. g Assumed dividend and yield. u Forecast dividend cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1984. H Dividend and yield based on prospectus or other official estimates for 1983-84. Q Gross. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. ● Figures or report awaited. § Placing price. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. ‖ Introduction. □ Issued to former preference holders. ■ Allotment letters [illegible] Effective issue price after scrip. † Formerly dealt in under special rule. ✻ Unlisted Securities Market. C Canadian.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	3	91	8
Corpns. Dom. and Foreign Bonds	6	8	64
Industrials	182	295	914
Financial and Props.	87	95	338
Oils	34	25	59
Plantations	15	1	4
Mines	24	59	85
Others	45	60	77
Totals	406	634	1,549

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Dec 19	Jan 6	Mar 22	April 2
Jan 9	Jan 20	April 2	April 16
Jan 23	Feb 3	April 26	May 8

For rate indications see end of Share Information Service

Call options were arranged in Lonrho, Trust Securities, Atlantic Resources, Royal Bank of Scotland, Hampton Trust, Nova (Jersey) Knit, UKO, Bristol Oil and Minerals, Joseph Webb, John Brown, Donald Macpherson, Combined Technologies, W. E. Norton, Hongkong Land, Aran Energy and Carpets International. A put was transacted in Aran Energy, while doubles were taken out in Lonrho and Royal Bank of Scotland.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Aran Energy	70	− 1
Atlantic Resources	640	−20
BOC	288	+ 6
Bellair Cosmetics	840	+125
Beresford (S., W.)	201	− 4
Carpets Int'l	64	+ 6
Eagle Star	714	+ 6
Eglinton Oil & Gas	290	—
Electronic Machine	65	− 7
ICI	644	− 6
Royal Insurance	493	− 5
Strong and Fisher	95	+ 8

WEDNESDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Wed. close	Day's change
Pict Petroleum	33	153	+25
Eagle Star	18	708	−12
Highgate & Job	16	175	+15
BTR	14	428	+11
Brit. Car Auctn.	14	241	+ 7
Bigwe (Blkhth)	13	120	+ 6
Trident TV "A"	13	117½	+ 1
V. W. Thermax	13	147	+ 2
Ryl. Bank Scot.	12	223	− 2
Saxon Oil	12	253	+ 5
Dee Corpn.	11	422	+34
Glaxo	11	718	− 2
Grand Met.	11	331	− 7
Meggitt	11	90	+15

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%.

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS

Building Societies

LOANS—continued

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS, H.P. & LEASING

BANKS—Continued

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

DRAPERY AND STORES

ELECTRICALS

ELECTRICALS—Continued.

ENGINEERING

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

1983 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
385	228	Johnston Grp 10p	233		6.0	5.8	3.7	7.8
102	87	Jourdan (T.) 10p	94	−2	5.6	1.2	8.5	13.0
64	39	Kalamazoo 10p	40	−2	3.33	1.8	11.9	6.8
60	35	Kean & Scott Hldgs	46		M1.0	—	2.3	—
23	9¼	Keep Trust 5p	11½		†0.15	—	‡	—
210	140	Kelsey Inds.	180		8.0	1.7	6.6	12.0
130	58	Kennedy Smale	78	−2	ϕ	—	—	—
155	110	Kershaw (A.) 5p	155		‡15.0	0.6	‡	(23.3)
80	39	Kleen-E-Ze Hldgs	70xd		t4.5	0.5	9.2	—
101	52	L.C.P. Hlds	77		3.6	1.5	6.7	(11.9)
32	14	LDH Group	27		—	—	—	ϕ
132	93	L.R.C. Int. 10p	110	−1	†h2.95	2.6	3.9	12.2
38	17	Lamont Hldgs. 10p	38		†1.3	1.8	4.9	14.9
44	26	Lawtex	44		—	—	—	ϕ
480	345	Lep Group 10p	460		17.5	0.3	5.5	63.2
49	22	Lilleshall 10p	45		d1.0	—	3.2	—
350	23	Lon. & Liv. 10p	24		h2.75	3.1	16.4	2.2
135	97	London & Mid'd	127	−1	7.75	1.1	9.0	13.8
50	20	Do. Defd.	45	−1		—	—	5.6
*110½	38	Lon. & Nthn. Grp.	70½		F4.2	2.0	8.5	9.9
40	16½	Lon. Priv. Health	17	−1½	—	—	—	8.5
65	46	Longton Inds.	60	+1	1.0	—	2.4	—
144	70	Low & Bonar 50p	136	−2	†5.0	2.8	5.3	(7.7)
48	32½	MCD Group	43½		u1.0	2.2	3.3	19.4
		for MMT Computing see Electricals						
29	16	M.Y. Dart. 10p	26½	−½	20.25	—	1.3	—
212	134	M'c'rthy Ph. 20p	140		7.0	2.7	7.1	6.6
148	128	Macfarlane Gp.	141	+7	†3.52	2.2	3.6	17.2
46	33	Macfellan 20p	39		d1.5	1.6	6.3	12.2
63	31	Macpherson (D.)	43½	+1½	4.2	0.6	13.8	(25.7)
56	41	Magnolia Group	53		2.3	3.2	6.2	6.2
72	64	Malcolm Hldgs. 10p	64		—	—	—	68.3
180	65	Man. Ship Can. £1	147	+5	3.5	6.8	3.5	4.4
79	48	Marley	79	+1	†2.5	0.5	4.5	(55.6)
47	30½	Marling Ind. 10p	40xd		†1.08	1.7	3.9	(38.0)
34	25	Marshall L'xy. 'A'	29	−2	†1.2	—	—	—

[illegible]

INSURANCE

[illegible]

LEISURE

[illegible]

LEISURE—Continued

1983 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
103	78	Adam Leisure 10p	92xd		gd2.0	3.6	3.1	11.8
152	114	Anglia TV 'A'	152		6.5	2.7	6.1	7.7
112	85	Assoc. Leisure 5p	103		†h4.13	2.1	5.7	14.5
128	72	Barr & W.A.T. 'A'	89		†5.0	1.9	8.0	(7.8)
100	40	Black & Edgtn.	81	−1	ϕ	—	—	21.4
178	118	Boosey & Hawkes	153		†2.3	1.5	2.1	(38.5)
61	32	Campari Int. 20p	38		‡d2.73	1.2	‡	(10.3)
177	160	Central TV N-Vtg 50p	177		—	—	—	—
40	23	Fairline Boats 10p	37xd	−1	1.75	ϕ	6.8	ϕ
49	14½	GRA Group 5p	47	−1	—	—	—	60.4
69	45	Grampian TVA 10p	68		†3.6	2.9	7.6	5.5
198	136	HTV Non-Vtg	198		11.0	2.2	7.9	8.3
222	118	Horizon	155	−5	†3.6	5.7	3.3	6.7
162	91	Intasun 10p	153		4.0	4.5	3.8	6.9
60	21	Intervision Video 10p	21		1.0	ϕ	5.0	ϕ
420	258	Juliana's Hldgs 2p	420		b4.9	2.4	1.7	30.5
185	139	LWT "A"	182		11.08	ϕ	8.7	ϕ
*147	45	Leisuretime Int 10p	45		g1.54	ϕ	5.7	ϕ
132	97	Megan. Ag. N. 10p	98		B7.5	1.6	12.8	7.1
83	52	Medminster 10p	83		4.4	1.7	7.6	10.8
170	110	Miss World Grp 10p	147	−3	b3.0	2.5	2.7	21.4
23	17½	Mountview 5p	19½	+½	—	—	—	—
128	22	Namsin Int 20c	23		—	—	—	—
128	45½	Norton Opax 10p	123		t2.17	4.3	2.5	8.8
30	22½	Owners Abroad	28½		0.5	4.5	2.5	12.8
47	35	Photax (Lon.)	35		—	—	—	—
*147	84	Pleasurama Dane 5 10p	100		g1.5	ϕ	2.1	26.1
363	217½	Pleasurama 5p	322	−8	t5.75	4.5	2.6	19.2
173	108	Radio City 'A' NV	158xd		¶4p	1.6	5.1	17.1
209	138	Riley Leisure 10p	141		†3.95	1.7	4.0	19.7
132	83	Saga Hols. 20p	108xd		d3.73	—	4.9	—
515	300	Samuelson Grp £1	300	+15	12.0	ϕ	6.0	ϕ
114	94	Scott. TV 'A' 10p	114	+2	7.35	2.2	0.3	196.6
68	27	SelecTV 10p	30	−1	—	—	—	—
26	15½	TSW 5p	24		1.2	2.2	7.1	9.3

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

MINES—continued

Australians

1983 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
28½	13½	♥ACM 20c	18		—	—	—
52	32	Alliance Explr NL	34	−2	—	—	—
40	9	♥Australis Mng NL	24		—	—	—
25	11	Balmoral Resources	15		—	—	—
60	33	♥Black Hill Min	33		—	—	—
87	51	♥Bond Corp	83		010c	ϕ	7.7
183	116	♥Bougainville Kina	158	+2	[illegible]	1.2	1.3
374	204	♥CRA 50c	366	+4	103c	—	0.5
145	60	♥Carr Boyd 20c	72		—	—	—
44	25	♥Central Kalgoorlie	36		—	—	—
43	18	♥Central Pacific	20		—	—	—
9	2¼	♥Coro Gold Mng Areas	3¼		—	—	—
17	5	♥Coopers Res N.L.	8		—	—	—
255	183	♥Crusader Oil	195		—	—	—

[illegible]

Tins

[illegible]

Miscellaneous

1983 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
825	335	Cons. Murch 10c.	725	−50	100c	ϕ	8.5
£17½	£10½	Eastern Trans Cons 50c	£17		085c	4.9	2.5
240	170	Hampton Areas 10p	207	+3	3.75	2.1	2.4
215	103	♥Highwood Res	170		—	—	—
£24½	£17½	Homestake Mining $1	£20½	−¼	020c	—	0.7
495	275	Northgate C$1	320	−25	—	—	—
672	437	R.T.Z.	593	−2	t17.0	2.9	4.1
£147½	£108	Do. 9½pc Cv Ln 95/2000	£130½		09½%	32.5	(7.6)
190	13	♥Sabina Inds C$1	70		—	—	—
780	312	♥Tara Exptn $1	780	+5	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Principal and interest tax-free to non-residents on application.
- ϕ Figures or report awaited.
- ♥ Not officially UK Listed; dealings permitted under Rule 163(4)(a)
- USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(3)
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast
- Merger bid or reorganisation in progress
- Not comparable.
- Same interim: reduced final and/or reduced earnings indicated.
- Forecast dividend: cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ¤ No par value

B.Fr. Belgian Francs. Fr. French Francs. ♣♣ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. D Issue price. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1983-84. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or other official estimates for 1982-83. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1982-83. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xt ex capital distribution.

REGIONAL AND IRISH STOCKS

The following is a selection of regional and Irish stocks, the latter being quoted in Irish currency

Albany Inv. 20p	72		Fin. 13% 97/02	£95½	
Bdg'wtr. Est. 50p	320		Alliance Gas	75	
Craig & Rose £1	900xd		Arnott	215	+3
Finlay Pkg. 5p	41		Carroll (P.J.)	111	
Higsons Brew.	85		Concrete Prods	89	
Holt (Jos) 25p	890		Hall (R. & H.)	57	
I.O.M. Stm. £1	130		Heiton (Hldgs.)	15	+1½
			Irish Ropes	35	
IRISH			Jacob	60	
Exch. 12% 1985	£99		T.M.G.	85	
Nat. 9¾% 84/89	£89		Unidare	80	

OPTIONS

3-month Call Rates

Industrials		House of Fraser	21	Vickers	12
Allied Lyons	13	I.C.I.	45	Woolworth Hld	35
BOC Grp	20	"Imps"	12		
B.S.R.	18	I.C.L.	6	**Property**	
Babcock	15	Ladbroke	21	Brit. Land	9
Barclays Bank	45	Legal & Gen.	45	Cap. Counties	15
Beecham	28	Lex Service	35	Land Sec.	34
Blue Circle	40	Lloyds Bank	50	MEPC	24
Boots	17	"Lofs"	3	Peachey	17
Bowaters	22	London Brick	10	Samuel Props	12
Brit. Aerospace	19	Lucas Inds	16	Sterling Guar.	4
B.A.T.	14	"Mams"	12		
Brown (J.)	3	Mrks. & Spncr	20		
Burton Ord	38	Midland Bank	42	**Oils**	
Cadburys	11	N.E.I.	10	Bristol Oil & Min.	6
Courtaulds	11	Nat. West. Bank	55	Brit. Petroleum	35
Debenhams	14	P & O Dfd	22	Burmah Oil	16
Distillers	20	Plessey	20	Charterhall	8
Dunlop	5	Racal Electr.	18	Premier	5
Eagle Star	60	R.H.M.	7	Shell	50
F.N.F.C.	6½	Rank Org. Ord.	19	Tricentrol	20
Gen. Accident	42	Reed Intnl	34	Ultramar	60
Gen. Electric	17	Sears	8		
Glaxo	75	T.I.	14		
Grand Met.	30	Tesco	16	**Mines**	
G.U.S. 'A'	55	Thorn EMI	55	Charter Cons.	22
Guardian	45	Trusthouse	16	Cons. Gold	50
G.K.N.	16	Turner & Newall	8	Lonrho	8
Hawker Sidd.	32	Unilever	75	Rio T. Zinc	58

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 15

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £700 per annum for each security

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

INSURANCES

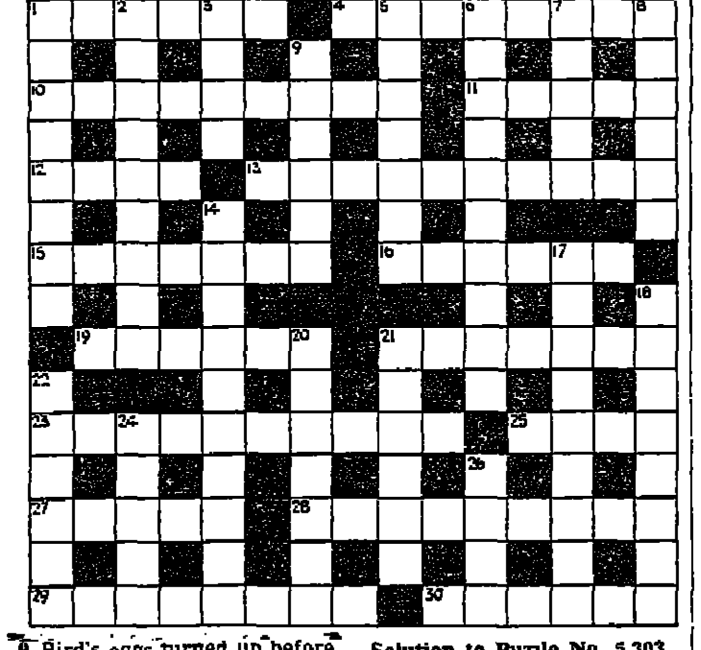
Insurances—continued

Offshore & Overseas—continued

Money Market Trust Funds

Money Market Bank Accounts

F.T. CROSSWORD PUZZLE No. 5,304



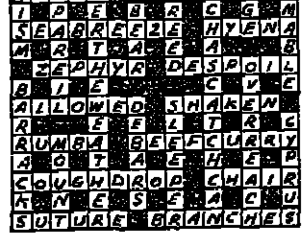
ACROSS

1 Herb—put your shirt on your head? (6)
4 Press aided by drugs in China (8)
10 Motorist has something to play with by stream (3, 6)
11 Sent a message with electricity in it? (5)
12 Good mark? (4)
13 Secret sent off before film work (6, 4)
15 Remover in black? (7)
16 Publicity for amateur diver (6)
19 Truly fashionable performance (6)
21 Open a play by Shaw (7)
23 Count place, perhaps, of ideas (10)
25 Murdered man—Lincoln, in short? (4)
27 Single Urban District contains new characters (5)
28 Baby's place at dons' table? (4-5)
29 Cooked meals fed the nouveaux riches? (4-4)
30 Sailor of barque, we are told (3-3)

DOWN

1 After-effects of another's help in bath? (8)
2 Sailor apostle in a sheet (9)
3 Standard of wisdom? (4)
5 The retired don't die in it (7)
6 We and Glenn make part of America (3, 7)
7 Towel holder looks right in stockings (5)
8 Write and edit in turn (6)
9 Bird's eggs turned up before detective turned up (6)
14 Vote needs arbitrator—rum need, possibly (10)
17 Plank for sailing on? (9)
18 Tease roughly, making boast about friend (8)
20 Dumped in the sea? (7)
21 Costly attack (6)
22 Cleans with wormwood (6)
24 Leonard's got up, between you and I and the stair-post (5)
26 Bill takes me to the top (4)

Solution to Puzzle No. 5,303



هكذا من الأصل

INSURANCE & OVERSEAS MANAGED FUNDS

Black Horse Life Ass. Co. Ltd.
71, Lombard St., EC3 01-623 1288

Black Horse Man. Fd.		240 45		—
Managed Inv. Fd	162 44	170 99		—
Property Fd	151.83	159 83		—
Fixed Interest Fd.	148.31	156 12		—
Cash Fd	136.98	144 19		—
Income Fd	178 18	187 56		—
Extra Income Fd	165 72	174 45		—
Worldwide Growth Fd.	228 64	240 68		—
Balanced Fd	179.70	189 16		—
Smlr Co's & Recv Fd	205 34	216.15		—
Int. Technology Fd	267 38	281 46		—
Nth. Amer. & Gen Fd.	165 50	174 22		—
Energy Int Fd.	103.27	108.71		—
Pacific Basin Fund	142.93	150 46		—

British National Life Assurance Co. Ltd.
Harlands Rd, Haywards Heath. 0444 414111

Managed	115 0	121.0		—
Property	117 9	124.2		—
Equity	119 7	126.9		—
International	127.2	133 9		—
Fixed Interest	103 7	109.2		—
Deposit	100.2	105.4		—
Managed Pen. Cap.	115.2	121 3		—
Property Pens Cap.	119.4	125 6		—
Equity Pens. Cap.	114.7	120.8		—
Intnl. Pens. Cap.	131.2	138.1		—
Fixed Int. Pens. Cap.	100.8	106.1		—
Deposit Pens. Cap.	97.7	102.8		—

Canada Life Group
2-6, High St., Potters Bar, Herts. P. Bar 51122

Equity Gth Nov 30		97.1		—
Rtmt. Fed. Nov 6		255.4		—
Managed Pen Fund	186.7	196.5		—
Property Pen Fund	115.1	121.2		—
Index Linkd Pen Fund	111.8	117 7		—
Managed	124.7	131.3	−0.3	—
Property	104.6	110.2		—
Gilt and Fixed Interest	108.6	114.4	+0.2	—
Index-Linked	98.1	103.3	+0.4	—
Equity	123.0	129.5	−0.3	—
Cash	105.1	110.7	+0.3	—
Midland Bk. Unit Tst.	122.2	128.7	+0.2	—
Midland Bank Intnl.	146.2	153.9	+0.6	—

Cannon Assurance Ltd.

G.T. Management Ltd.
16 Finsbury Circus, Lond EC2M 7DJ 01-628 8131

G.T. Plan Bond Fund	126 5	133 2	+0 9	—
GT Pln High Yld Fnd	126 2	132 9		—
GT Plan Far East Fnd	125 6	132 3		—
GT Plan N. Am Fd	140 5	147 9		—
GT Pln UK&G.E. Fnd	142.6	150.2		—
GT Pln Wrldwde Fnd	141.6	149 1		—
GT Pension Bnd Fnd	137 1	144 4	+1 1	—
GT Pen High Yld Fd	143 8	151 4		—
GT Pen Far East Fd	154 7	162 9		—
GT Pen N. Am Fd	205 9	216 8		—
GT Pen UK & G E. Fd	165.7	174.5		—
GT Pen Worldwide Fd	151 6	159 6		—

Prices for Accum. Units only.

Assicurazioni GENERALI S.p.A.
117, Fenchurch St., EC3M 5DY. 01-488 0733

Intl. Managed Bond	166.9	175.7		—

General Portfolio Life Ins. C. Ltd.
Crossbrook St., Cheshunt, Herts. Waltham X 31971

Portfolio Fd. Acc.		257.1		—
Portfolio Fd. Init.		211.2		—

See adjacent page Mon-Fri and Stock Exchange Dealings page Sat

Gresham Unit Ass. Ltd.
2-6, Prince of Wales Rd, B'mouth. 0202 767655

Managed Fd	278.4	293.4		—
Money Fd	156.5	164.7		—
Equity Fd	234.8	247.4	−0.2	—
Fixed Int. Fd	120 0	126.4	+1.2	—
Property Fd	173.0	182.3		—
Managed Pen. Fd	256.3	270.1		—
Equity Pension Fd	186 0	196.0		—
Fixed Int. Pen. Fd	166.2	175.1		—
High Yield Pen. Fd	163.8	172.6		—
Money Pension Fd	129.2	136.0		—
Property Pension Fd	128.2	135.1		—
Gartmore/Framlington				
American & Gen. Fd.	254.9	269.6	−0.5	—
Income Fd	192.4	202.7	+0.5	—
Int'l. Growth Fd	279.3	294.3	+1.6	—
Capital Fund	204.4	215.4	+0.6	—
Recovery Fund	152 9	161.1		—

Growth & Sec. Life Ass. Soc. Ltd.

Lloyds Life Assurance—cont.
Gartmore Funds—Series A

American Dec 27	172 1	181.2		—
British Dec 27	131.1	138.0		—
Commodity Dec 27	127.3	134.0		—
Extra Inc Dec 27	118.5	124.8		—
Far Eastern Dec 27	115 8	121 9		—
High Inc Dec 27	125.2	131.8		—
Income Dec 27	151 9	159.9		—
Global Strat Dec 27	183.8	193.5		—
Special Sits Dec 27	141.4	148 9		—
Gilt Dec 27	105.2	110.8		—
Japan Dec 27	175 8	185.1		—
U. Small Co's Dec 27	131.1	138.0		—
Man Gen Dec 27	155.1	163.3		—
Autrm Dec 27	115 0	121 1		—
Oil and Energy Dec 27	114 6	120.7		—
Gold Share Dec 27	80.4	84.7		—

London A'deen & Nthn. Mtl. Assur. Ltd.
129 Kingsway, London, WC2B 6NF. 01-404 0393

'Asset Builder'	66.3	70.3		—

London Indemnity & Gnl. Ins. Co. Ltd
18-20, The Forbury, Reading 583511.

Money Mngr Dec 15	62.7	67.7		—
MM Flexible Dec 6	53.7	56 6		—
Fixed Interest Dec 1	56.4	59.4		—

London Life Linked Assur. Ltd.
100, Temple St., Bristol, BS1 6EA. 0272-279179

See adjacent page Mon-Fri and Stock Exchange Dealings page Sat.

London & Manchester Gp.
Winslade Park, Exeter EX5 1DS. 0392 52155

Invest. Tst. Fd. Cap.	313.0	—	+0.8	—
Invest. Tst. Fd. Acc.	334.0	—	+0.9	−14.6
Property Fund Cap.	117 3	—		—
Property Fund Acc.	124.7	—		−4.8
Flexible Fund Cap.	185.9	—	+0.6	—

Property Growth Assur. Co. Ltd.
Leon House, Croydon CR9 1LU. 01-680 0606

Property Fund		289 6		—
Property Fund (A)		281.5		—
Agricultural Fund		1,122.5		—
Agric. Fund (A)		1,092.5		—
Abbey Nat. Fund		230.5		—
Abbey Nat. Fd. (A)		229.5		—
Investment Fund		140 4		—
Investment Fund (A)		138.4		—
Equity Fund		427 6	−1.1	—
Equity Fund (A)		419 6	−1.7	—
Money Fund		218.7		—
Money Fund (A)		214.7		—
Actuarial Fund		218.8		—
Gilt-edged Fund		195.3	−0.6	—
Gilt-Edged Fd. (A)		195.3	−0.6	—
Retire Annuity		357.4		—
Immed. Ann'ty		191.5		—
International Fd.		271.2	+1.9	—
Bldg. Soc. Life Fd.		105.9		—
Property Growth Pensions & Annuities Ltd.				
All Weather Ac. Uts.	252.2	265.5		—
Inv. Fd. Uts.		278.4		—
Pension Fd. Uts.		256.3		—
Conv. Pens. Fd		297.6		—
Cnv. Pns. Cap. Ut.		221.6		—
Man. Pens. Fd.		342.6	+1.7	—
Man. Pens. Cap. Ut.		265.1	+1.3	—
Prop. Pens. Fd.		284.4		—
Prop. Pens. Cap. Uts.		214.5		—
Bldg. Soc. Pen. Ut.		258.5		—
Bldg. Soc. Cap. Ut.		197.7		—
Gilts Pens. Fd.		175.0	−0.5	—
Gilts Pens. Fd. Cap.		152.0	−0.5	—
Equity Pens. Fd.		261.7		—
Equity Pens. Fd. Cap.		227.4		—

Providence Capitol Life Assc. Co. Ltd.
30 Uxbridge Road, W12 8PG. 01-749 9111

Hambros Fd. Mgrs. (C.I.) Ltd.
P O Box 86, Guernsey 0481-26521

Capital Reserve Fund	£17 16	17 17		0 24
C I Fund	349 5	367 9		2 36
Special Sits Fund	135 8	143 8		2 03
Sterling Income Fund	112 3	117 0		10 26
Dollar Income Fund	$1 042	1 088		11 03
Trans. Nat. Trust	$1 208	1 272		2 76
Intnl. Bond	$109 59	115 50		9 15
Int. Equity	$21 58	22 73		0 52
Int. Svgs. 'A' $US	$1 67	1 76		—
Int. Svgs. 'B'	$2 38	2 51		—
Galleon Ass. Fund 'A'	$1 140	1 145		—
Galleon Ass. Fund 'B'	$1 330	1 334		—
Amer Spec Accs	$0 96	1 02		—

Henderson Admin. & Man. (Guernsey)
PO Box 71, St. Peter Port, Guernsey 0481 26541

American (US cents)	167 2	177 8	−1 9	—
Nirl Res (U S cents)	124 5	132 2	−3 5	—
Gilt Fund	£10 86	11 51	+0.04	10.86
Prime Res Props	£0 99	1.06		—

Henderson Baring Group
1901, Edinburg Tower, Hongkong.

Australia	$10 95	11.79		2.90
Hong Kong	$9 11	9 77	+0.17	3.66
Japan Tech.	$28.97	30.95		—
Japan Fund	$41.62	44 46	+1 45	0 42
Malay Sing.	$72.92	74 63	+0.15	1.30
Pacific Fd.	$16.197	17 006	+0.466	1.45
Pacific Intl Fd.	$10 16	10.67		—
Bond Fd.	$10 796	11.335		10.59

Hill-Samuel & Co. (Guernsey) Ltd.
8 LeFebvre St., St. Peter Port, Guernsey, C.I.

Guernsey Tst.	324 3	336.2	+7 0	2.42

Hill Samuel Investment Mgmt. Intnl.
P O. Box 63, Jersey. 0534 76029

Uk Equities (C.I. Fd.)	203.6	217.9		2 5
UK Gilt (Jy. Fxd. Int.)	110 0	117 0		10.5
Int. Man. (Growth Fd.)	175.4	189.1		—
Int. Currency Fund				
D Mark		DM43 06		—
£ Sterling		£11.44		—
Swiss Franc		SF36.13		—
U.S. $		$22.86		—
Managed Fund	£12.37	12.99		—

Richmond Life Ass. Ltd.
4 Hill Street, Douglas, IoM 0624 23914

Coin Trust				—
Diamond Bond				—
Gold Bond				—
Sterling Deposit Bd				8 98
UK Gilt Fund		184 5		—

Rothschild Asset Management (C.I.)
St Julian's Ct, St Peter Pt, Guernsey

OC America Fd.*				
OC Sm Co**				
OC Commodity†				
OC $ Comdty*				
OC HongkgFnd††				—

*Prices Dec 21. Next dealing Jan 9. †Prices Dec 14 Next dealing Dec 30. ***Prices Dec 15. Next dealing Dec 30. ††Dealings every Wednesday.

OC Intl Reserves Ltd.

See adjacent page Mon-Fri and Stock Exchange Dealings page Sat.

Rothschild Australia Asset Mgt Ltd.
17 Bridge St., Sydney 2000, Australia

Five Arrows Aust. Eq.	A$1.54	1.58		6.5

Royal Bank of Canada Funds
RBC Invest Managers Ltd
PO Box 246, St Peter Port, Guernsey 0481 23021

Intl Income Fd	$9 75	10 59	+0.06	—
Intl Capital Fd.	$15 13	16 41		—
North America Fd.	$6.80	7.43	+0.07	—
RBC Intl Currencies Fd Ltd				
U S $		$21 82	+0.01	—
Canadian $				—
£ Sterling		£10 90		—
D-Mark		DM52 17		—
Swiss Franc		SF41 09	+0.02	—
Japanese Yen			−1	—
Managed Fund		$21 08		—

Daily Dealings.

Royal Trust Intnl. Fd. Mngt. Ltd
PO Box 194, St Helier, Jersey. 0534 27441

Sterling Fxd Int Fd.	£0.882	0 938	−0.006	9 64
International Secs	$1 137	1 223		1 14
International Bond	$0 865	0 916		10 48

Prices on Dec 28. Next dealing Jan. 4.

SCI/Tech S.A.

OFFSHORE AND OVERSEAS

COMMODITIES AND AGRICULTURE

Florida oranges face another cold wave

BY JOHN EDWARDS, COMMODITIES EDITOR

FLORIDA ORANGE-growers faced a new threat last night as another cold wave moved down towards the area and freeze warnings were posted. Another frost on top of the damage already caused by the cold spell over the Christmas holiday could have serious consequences.

However, if the temperature sinks only to between 30 to 50 degrees F, growers, who are "picking like crazy," are hopeful a large proportion of the crop can be saved.

A preliminary survey estimated that about 28 per cent of the crop might be lost as a result of the Christmas frost, when the U.S. Agriculture Department reported that 85 per cent of oranges sampled had ice in them.

A further freeze could mean up to 65 per cent of this crop being lost. There are fears, too, that damage to trees could harm the Valencia crop harvested in April-May.

Orange-juice futures rose by the permissible limit, five cents a lb, on the New York market for the third day running yesterday. The March position quickly jumped to 140.55 cents a lb, in restricted trading because the market opened limit up.

Little Florida orange-juice is exported these days. It is sold almost exclusively domestically in the U.S. while the world market is dominated by Brazil though Brazil's production is still not quite as high as Florida's in a normal year.

If, however, the Florida cut forces U.S. prices sufficiently high then Brazil may well be tempted to switch sales to the U.S. market, resulting in a general rise in world prices.

Cacex, the Foreign Trade Department of Banco do Brasil said it would meet exporters next Tuesday to assess the possibilities for increased Brazilian sales of orange-juice to the U.S. to fill any shortfall.

Mr Hans Georg Krauss, president of the Brazilian Citrus Juice Industries Association, told Reuters that Brazil could raise its exports by a further 60,000 tonnes to 80,000 tonnes above the present 520,000-tonne quota for this season.

He noted that if prices rose too sharply this could lead to a sharp decline in demand, especially in Europe which is already suffering the impact of a stronger dollar.

U.S. grain exports aided

BY NANCY DUNNE IN WASHINGTON

THE U.S. Agriculture Department, striving to stem a projected loss in grain markets this year, has received an additional $1bn (£700m) for credit guarantees, bringing the total value of available guarantees to $4bn for the fiscal year.

Of the new credit available, the department has allocated $50m to Brazil to finance wheat purchases. It is expected that further credit guarantees will be granted to Mexico, Bangladesh. The Philippines, Yugoslavia, Chile and Ecuador.

To date, about $2.35bn in export credit guarantees have been announced for fiscal 1984. That includes a $209.4m blended credit package for wheat sales to Morocco, the first subsidised credit sale to be announced this year.

Brazil has now been granted total U.S. credits guarantees of $100m for the purchase of 1.02m tonnes of wheat. While U.S. exporters welcomed to the new credit they are grumbling that it is still less than a quarter of the credit granted last year and leaves the door open for better-financed competitors.

Spot crude holds cold weather price gains

By Ian Hargreaves

SPOT CRUDE oil prices yesterday held most of the gains caused earlier in the week by cold weather in the U.S.

Though Brent North Sea crude's price fell by about 10 cents a barrel to $29.40, traders said British National Oil Corporation seemed to be making further progress in its negotiations to hold the Brent crude official price at $30 in the first quarter.

New York crude futures traded in the $29 to $29.90 range, but on the London crude futures exchange one lot only was traded.

● **COMMON WHEAT** — 50,000 tonnes of it—held in UK intervention is to be sold by tender by the UK Intervention Board, from next month.

● **WHEAT** will shortly join chickens and dates as new exports from Saudi Arabia, the Agriculture Minister said in Damman.

● **WHEAT** from Pakistan—300,000 tonnes of it—was available for export, the Food and Agriculture Minister said.

● **RUBBER** stocks in the U.S. declined to 345,633 tonnes at end-September, from 366,927 tonnes at end-August and 393,267 tonnes a year earlier, the Rubber Manufacturers Association said in Washington.

● **COTTON** crop for Pakistan in 1983-84 is estimated at 3.4m bales, down from a 5.2m-bale target and from 4.8m bales produced in 1982-83, the Agriculture Minister said.

● **PEPPER** export duties, on white, ground and unground, and black, were raised by the Malaysian Government with effect from yesterday. Duty on while ground is now 1,252.43 ringgit per tonne, and unground 712.63. Duty on black is now 264.53 ringgit per tonne.

John Cherrington on a prospect of abundance for autumn-sown crop

Grain record signals EEC crisis

THE ACREAGE of autumn-sown grain, wheat and barley is doubtless a record though there are as yet no official figures to confirm it.

One can drive for miles in the arable districts and hardly see a fallow, that is an unplanted, field. Moreover, the mild weather has made for exceptional growth.

It is years since I have seen crops at the New Year already hiding the drills, the rows in which the seed is planted. Everything looks set for a record outturn when the combines start next July.

Of course, there is many a slip between expectation and realisation. The weather could still have some nasty shocks in store, to say nothing of diseases which, mercifully, were not severe last season.

This prospect of abundance, however, if fulfilled across the European Economic Community, will attract almost as much anxiety from those controlling Community finances as does the milk surplus at the moment.

They have not ignored the present cereal surplus which is already the second most costly item of the agriculture budget. Under its reform proposals the Commission has suggested a means of reducing this liability, which for 1983 was estimated to amount to 2.255m European Currency Units (£1.395m) or about £10 per tonne of all cereals and rice produced.

Most of this money was spent on intervention buying and export refunds, the system used to support the market.

But these activities are costly in terms of the value of the grain. For example, the export of grain from the UK for the cereal year to last July was 4.79m tonnes and the cost to Feoga, the farm fund, varied through the year from nearly £60 per tonne down to just under £30.

The lower figure indicates the effect that the U.S. payment-in-kind programme, aided by the drought, had in cutting world prices, so reducing the amounts needed to enable EEC grain to compete in third-country markets.

So far the Commission's ideas for reform are probably purposely vague. Their general drift, however, is that somehow or other EEC cereal prices should be allowed to align themselves to those received by cereal-growers overseas. This would allow surpluses to be exported without too much refund expenditure.

What exactly is meant by the "price received by other cereal growers" is far from clear. Does it mean what U.S. or Australian farmers actually receive at the farm-gate, or the price for deliveries to the Community's entry port before they are charged the Community import levy.

Nor is the calculation helped by fluctuations in the value of the U.S. dollar in relation to the value of sterling or the European Currency Unit.

At the present sterling rate the U.S. farmer's wheat is valued at £88 per tonne in Chicago but a year ago it was worth £77 per tonne only. There has been a broadly similar movement in the ECU value.

As an approximate estimate it could be said that the EEC farm price for wheat has been about 50 per cent higher than that received by farmers in the main exporting countries over the past few years and that this disparity has stimulated production particularly in Britain.

There, since EEC-membership in 1971, output has soared by more than 40 per cent. In that time the intervention price for UK for wheat has risen from £26.9 to £120 per tonne.

The actual prices received have been higher than intervention for the most part because of the import levies. Only over the past two years has there bee substantial intervention—buying, and exporting, in the UK.

The defenders of the present system claim that the world market is an illusion, that commodities traded there are residual supplies. This is utter nonsense.

Farmers in the exporting countries, receiving prices 30 per cent to 50 per cent less than farmers in the Community, had created such a surplus on the world's markets that the U.S. was forced to bring in payment-in-kind to reduce market pressure, but only for one year. What will happen next year with a good EEC harvest and a normal one in the U.S.?

So far, everyone has been so obsessed with the milk sector that price reductions there in any form have to run the gauntlet of that 60 per cent of Community farmers who are dairymen. Cereal-growers are in a minority and in Britain very unpopular with the general public and many livestock farmers.

Positive action to solve the grain crisis would do the Commission's political credit a bit of good and might save Feoga some real money.

Indian jute producers seek more subsidies

By P. C. Mahanti in Calcutta

THE INDIAN jute industry has reacted with mixed feelings to the announcement that jute imports to the European Economic Community will be free of all quota restrictions from January 1.

Mr R. V. Kanoria, retiring chairman of the Indian Jute Mills Association, feels the existing system of granting quotas to individual producing countries has at least ensured a stipulated quantity of exports while its abolition could encourage unhealthy competition.

Bangladesh and Thailand, with their low costs, could outcompete India unless energetic steps are taken to promote the sale of Indian products with adequate government financial backing.

The threatened jute strike from January 16 could also work against India, since it would be able to guarantee neither delivery nor contractual prices. Rival producers could take advantage of this to establish strong footholds.

The Commerce Ministry and the Jute Commissioners' Organisation, however, both feel the EEC open-door policy should widen the market for Indian jute.

India exported 145,000 tonnes of jute goods to the EEC in 1979-80, more than a third of its total exports that year. This figure, however, has dropped to 51,000 tonnes only in 1982-83 because of competition from other producers.

Jute yarn offers considerable promise for making up some of this lost ground. India is setting up two export-orientated yarn-mills to meet the EEC challenge.

Current high prices and a possible absolute shortage in the first quarter of next year, however, are major threats to any worthwhile export-promotion scheme.

Coffee harvest threatened in El Salvador

BY TIM COONE IN SAN SALVADOR

HALFWAY THROUGH the harvest, El Salvador's coffee exports are expected to fall by almost 35 per cent from the 1983-84 crop, from 4m quintales last year, according to an official in the Salvadorean Coffee Institute (INCAFE). (1 quintal = 100 lb).

Falls in production are mainly due to wet weather affecting the central standard varieties — which comprise 60 per cent of El Salvador's output—during the inflorescence of the plants and maturing of the beans. This causes lower bean-formation and early falling of the ripe beans respectively.

Another factor this year, however, is expected to further reduce final production figures by up to 25 per cent. Left-wing guerrillas of the Farabundo Marti National Liberation Front (FMLN) have begun waging a campaign to disrupt coffee-production in Usulutan, the south-eastern province, near the towns of Jucuapa and Chinameca. There, about 25 per cent of the country's coffee is grown.

Two large beneficios, where coffee beans are processed for export, have recently been burnt down in the reigon and the guerrillas are pressing growers to pay up to 30 per cent higher wages to coffee pickers and also demanding "war taxes" from larger growers.

Several other beneficios in the region are in danger of being burnt down if the guerrillas manage to further extend their zone of operations.

A guerrilla leader contacted near Jucuapa said: "We realise the attacks on the beneficios affect small- and medium-coffee growers as well as the big owners. But coffee is crucial to the country's economy and as such these are military targets.

PRICE CHANGES

In tonnes unless stated otherwise	Dec. 29 1983	+ or —	Month ago
Metals			
Aluminium	£1079.5	—7.5	£1050
Free Mkt	$1570/1600	—10	$1585/161
Copper			
Cash h grade	£977.5	—0.5	£992
3 mths	£1003.25	—1.0	£1014.75
Cash Cathode	£959.5	—0.25	£976.5
3 mths	£986.75	—0.25	£998.75
Gold troy oz	$382.125	+4.125	$395.125
Lead Cash	£282.75	+3.625	£282.75
3 mths	£292.75	+3.625	£291.75
Nickel	£3202.5	—37.5	£4646.34
Free Mkt	205/225c	....	208/228c
Palladium oz	$159.00	—4.25	$150.00
Platinum oz	£268.75	—1.50	£273.50
Quicksilver†	$303/312	......	$305/315
Silver troy oz	610.60p	—2.3	596.35p
3 mths	623.90p	—2.8	609.05p
Tin cash	£8395	....	£8720
3 month	£8525	+17.5	£8845.5
Tungsten	$74.70	....	$78.12
Wolfr'm 22.04 lb	$70/74	....	$68/72
Zinc Cash	£612.5	+8.0	£585
3 mths	£626.0	+7.25	£597.75
Producers	$950-980	....	$950

	Dec. 29 1983	+ or —	Month ago
Oils			
Coconut (Phil)	$1050x	+5	$915
Goundnut	‡	....	$900
Linseed Crude	‡	....	$425
Palm Malayan	$755w	+35	$680
Seeds			
Copra Phili	$680vw	....	$595
Soyabean (U.S.)	$334.25v	—3.5	$316.75
Grains			
Barley Fut. Mar	£122.85	+0.85	£122.50
Maize	£148.0x	....	£146.00
Wheat Fut. Mar	£122.2	+0.95	£123.40
No 2 Hard Wint	‡	....	‡
Other commodities			
Cocoa ship't*	£1998	....	£1685
Fut. March	£1986	+22	£1639.5
Coffee Ft. Mar	£1926.5	....	£1913.5
Cotton A.Index	89.25	+0.2	89.05c
Gas Oil . Jan	$251.25	....	$248
Rubber (kilo)	84.25p	....	83p
Sugar (Raw)	£123xw	+0.5	£145
Woolt'ps 64s	438p kilo	+15	405p kil

‡ Unquoted. v Jan. w Feb. x Dec-Jan. y Jan-Feb. † Per 75 lb flask. * Ghana cocoa. n Nominal. c Cents per pound.

LONDON OIL

The market opened lower following the release of higher than expected U.S. stock figures. Prices moved further down during the morning.

A rally sparked by the U.S. opening was short-lived and prices moved lower to close on the lows, reports Premier Man.

SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)		
Arabian Light	28.47	+0.1
Iranian Light	27.85	—0.05
Arab Heavy	26.3	+0.1
North Sea (Forties)	29.4	+0.2
North Sea (Brent)	29.35	—0.1
African Bonny Li'ht	29.25	—0.12
PRODUCTS—North West Europe CIF ($ per tonne)		
Premium gasoline	262	+0.5
Gas oil	250.6	—2
Heavy fuel oil	174.5	—

CRUDE OIL FUTURES

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per brl		
Feb	27.00-30.00	—	—
Mar	28.85	—35	29.00
Apr	28.56-38.90	—	—
May	28.65	—25	28.65
June	28.40-28.98	—	—

GAS OIL FUTURES

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per tonne		
Dec	248.00	—3.25	249.00-48.00
Jan	250.50	—4.00	252.50-50.25
Feb	248.50	—4.25	250.50-48.25
Mar	243.75	—4.25	245.75-45.75
April	239.50	—5.00	241.00-39.00
May	237.00	—6.00	240.50-40.00
June	235.75	—5.75	236.75-35.75
July	234.50	+3.25	—
Aug	230.00	—5.00	—

Turnover: 2,826 (3,726) lots of 100 tonnes.

GOLD MARKETS

Gold rose $4¼ to $381¾-382¼ on the London bullion market yesterday, boosted by the decline of the dollar. The metal opened at $378¾-379¼, and touched a low of $378¾-379¼. It was fixed at $379 in the morning, and $382.40 in the afternoon, rising to a peak of $382¾-393¼.

In Paris the 12½ kilo bar was fixed at FFr 102,000 per kilo ($378.62 per ounce) in the afternoon, compared with FFr 101,700 ($373.63) in the morning, and FFr 102,300 ($378.07) Wednesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 33,350 per kilo ($377.99 per ounce), against DM 33,600 ($379.48), and closed at $382¼-382¾, compared with $377¾-378¼.

In Luxembourg the 12½ kilo bar was fixed at the equivalent of $379.65 per ounce, against $379.50.

In Zurich gold finished at $382-382½, compared with $377½-$378¼.

LONDON FUTURES

Month	Yest'rday's close	+ or —	Business Done
	$ per troy ounce		
Jan			—
Feb	385.70-85.80	+4.5	388.20-82.00
April	391.70-92.40	+4.55	—
June	398.00-98.90	+4.7	—
Aug	404.50-05.40	+4.6	—
Oct	410.60-11.90	+4.4	—

Turnover: 160 lots of 100 troy ounces.

	Dec. 29		Dec. 28	
Gold Bullion (fine ounce)				
Close	$381¾-382½	(£263¾-264¼)	$377½-378¼	(£263-263½)
Opening	$378¾-379½	(£263½-264)	$379¼-380	(£264¼-264¾)
Morning fixing	$379	(£263.012)	$379.10	(£264.218)
Afternoon fixing	$382.40	(£264.180)	$378	(£263.451)

Gold and Platinum Coins Dec. 29					
Krugrnd	$393¾-394¼	(£271½-271¾)	King Sov	$91-92½	(£63-64)
½ Krg	$203-203¾	(£140-140½)	Victoria Sov	$91-92½	(£63-64)
¼ Krg	$103½-104¼	(£71½-71¾)	French 20s	$73¼-77½	(£51¾-53½)
1/10 Krug	$42¼-43	(£29¼-29¾)	50 pesos Mex	$463-465	(£319¼-320¾)
Mapleleaf	$394-394¾	(£271¾-272¼)	100 Cor. Aust	$371-375	(£255¾-258½)
New Sov	$90-90¾	(£62-62½)	$20 Eagles	$520-530	(£358¾-365½)
½ New Sov	$54-54¾	(£37½-37¾)	Noble (Plat)	$404-408½	(£279¼-282¼)

EUROPEAN MARKETS

ROTTERDAM, December 29.

Soyabeans—(U.S. $ per tonne): U.S. Two Yellow Gulfports, Jan 328.25, Feb 328.50, March 330.25, April 331.50, Aug 331, Sept 310, Oct 280.65, Nov 280.65, Dec 284.75, Jan 289 sellers.

Soyameal—(U.S. $ per tonne): 44 per cent afloat 265, Jan 263, Jan/March 265 April/Sept 260, Nov/March 235 sellers. Pellets Brazil Jan 265, Feb 268, March 279.50, April 271.50, April/Sept 265, Oct/Dec 251 sellers. Pellets Argentine afloat 272, Jan 272, March 278, July/Sept 255, May/Sept 259 sellers.

Wheat — (U.S. $ per tonne): U.S. Three Amber Durum Jan 208, Feb 210, March 212, April/May 197, June 196, July 197. Canadian Western Spring April/May 212, June 212. U.S. Two Red Winter Jan 165.50, Feb 165, March 165.75, April 166.75. U.S. Two Northern Spring 14 per cent protein Feb 196, March 196.25, April/May 181.50, Jan 180.50.

Maize — (U.S. $ per tonne): U.S. Three Yellow afloat 163, Dec 162.50, Jan 161.50, Feb 160, March 158.50, April-June 158.25, July-Sept 157 sellers; Argentine Plate Jan 178, April 163, April-June 162 sellers.

PARIS, December 29

Cocoa—(FFr per tonne): March 2395-2409, May 2388-2395, July 2375 bid, Sept 2356-2365, Dec 2355 ask, March 2340 ask.

BRITISH COMMODITY PRICES

BASE METALS

Lead and Zinc prices gained ground on the London Metal Exchange reflecting persistent American support in the wake of the big freeze throughout the U.S. Lead closed at £295.5, and Zinc at £624.5, but Copper values were little changed on balance. Tin responded to short covering and late support from the buffer stock to close at £8,545.

COPPER

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grde	£	£	£	£
Cash	975.5-4	—4.5	977-8	—.5
3 months	1000.5-1	—3	1003-.5	—1
Settlem't	974	—4.5		
Cathodes				
Cash	956-7	—4	959-60	—.75
3 months	981-3	—4	985.5-6	+.25
Settlem't	957	—4		
U.S. pro'd	—	—	*66-70	......

TIN

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grde	£	£	£	£
Cash	8405-10	—40	8390-400	......
3 months	8540-5	—10	8520-30	+17.5
Settlem't	8410	—46	—	......
Standard				
Cash	8345-50	—38	8335-40	+22.5
3 months	8520-1	—25	8510-2	+33.5
Settlem't	8350	—50	—	......
Straits E.	$29.15	......	—	......
New York				

LEAD

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	281.75-2	+2.62	282.5-3	+3.62
3 months	291.5-2	+2.5	292.5-3	+3.62
Settlem't	282	+2.5		
U.S. Spot	—	......	*24-8	......

ZINC

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	608.5-9	—3.75	612-3	+8
3 months	622.5-3	+3.5	625-7	+7.25
Settlem't	609	+3.5		
Prim w'ts	—	......	*49-.75	......

ALUMINIUM

Aluminim	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Spot	1077.5-8	—11	1079-80	—7.5
3 months	1106-.5	—11	1107.5-8	—7.5

NICKEL

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —
Spot	3200-5	—35	3200-5	—37.5
3 months	3285-90	—28	3280-2	—37.5

* Cents per pound. ‡ M$ per kilo. † On the previous unofficial close.

SILVER

Silver was fixed 2.3p an ounce lower for spot delivery in the London bullion market yesterday at 610.6p. U.S. cent equivalents of the fixing levels were: spot 880.50c, up 1.3c; three-month 901.1c, unchanged; six-month 925.3c, up 0.2c; and 12-month 974.8c, down 0.1c. The metal opened at 612-615p (880-884c) and closed at 615½-618½p (891-895c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	610.60p	—2.40	615.5p	+2.75
3 months	623.90p	—2.80	629.5p	+2.75
6 months	639.80p	—2.90	—	
12months	671.80p	—3.20	—	

LME — Silver (2,000 oz contract) — Three months 639.5p (626.25p). Turnover 2 (nil).

Turnover: 28 (149) lots of 10,000 ozs.

COCOA

Futures traded uneasily at the lower levels earlier but rallied strongly later and finally breached the £2,000 level on the near March position. Although encouraged by the higher prices, the producers remained withdrawn, however there was consumer offtake and active secondhand business, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
	£ per tonne		
Dec	1945-59	—12.0	1965-25
March	1985-87	—2.5	2005-53
May	1960-61	—2.5	1975-84
July	1956-45	+4.0	1960-15
Sept	1922-24	+8.0	1926-99
Dec	1879-82	—1.0	1885-50
March	1860-62	—11.5	1861-40

Sales: 5,594 (3,368) lots of 10 tonnes.

ICCO Indicator prices (U.S. cents per pound). Daily price for Dec 29 125.36 (124.06); five-day average for Dec 30 123.04 (121.44).

COFFEE

During an active session long liquidation triggered a gradual decline in prices, reports Drexel Burnham Lambert. Trade and dealer support at the lows encouraged a spirited recovery before further Commission House selling prompted an easier close.

COFFEE	Yest'day's Close	+ or —	Business Done
January	1960-65	—41.5	1995-60
March	1902-05	—23.0	1917-90
May	1816-18	—20.5	1835-15
July	1776-80	—15.5	1790-75
Sept	1751-55	—18.5	1765-50
Nov	1725-35	—28.5	1750-35
January	1700-10	—05.0	1710-90

Sales: 4,591 (1,899) lots of 5 tonnes.

ICO Indicator prices (U.S. cents per pound) for Dec 28: Comp. daily 1979 138.45 (139.41); 15-day average 140.23 (140.27).

GRAINS

	WHEAT		BARLEY	
Mnth.	Yesterday's close	+ or —	Yest'day's close	+ or —
Jan	119.45	+1.30	120.35	+1.30
Mar	122.20	+0.95	122.85	+0.85
May	125.15	+0.95	124.65	+0.95
July	128.10	+0.85	—	
Sept	112.00	+0.10	109.70	+0.80
Nov	114.95	+0.05	112.70	+0.30

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 1 14 per cent Feb/March 147.00, April/May 137.25 trans shipment East Coast. English feed fob Jan 125.50, Jan/March 125.75, April/June 128.75 East Coast. Maize: U.S./French Dec/Jan 148.00, Jan/March 149.00 East Coast. Barley: English feed fob Jan 125.00, Jan/March 126.00 East Coast.

POTATOES

Prices fell further, but recoverd from the lows on short covering.

Month	Yesterday's close	Previous close	Business Done
	£ per tonne		
Feb	150.20	152.00	151.5-150.0
April	172.20	175.10	174.2-171.0
May	186.20	185.80	185.0-182.7
Nov	75.80	75.50	—
Feb	85.50	85.10	—

Sales: 566 (385) lots of 40 tonnes.

RUBBER

No. 1 R.S.S.	Yesterdy's close	Previous close	Business Done
	£ per tonne		
Feb	849-850	846-853	856-850
Mch	850-852	852-853	850
Apl-Jne	857-859	858-860	865-859
Jly-Sept	867-869	869-870	876-868
Oct-Dec	877-879	878-880	—
Jan-Mch	886-890	887-893	—
Apl-Jne	897-900	898-902	—
Jly-Sept	906-912	909-918	—
Oct-Dec	919-925	918-932	—

Sales: 38 (57) lots of 15 tonnes; 14 (1) lots of 5 tonnes.

Physical closing prices (buyers) were spot 84.25p (84.00p); Feb 85.00p (85.00p); March 85.25p (85.25p).

SOYABEAN MEAL

The market opened down in dull trading, reports T. G. Roddick. Prices eased on strong sterling and commission house selling to close with losses of £2.

	Yestday's close	+ or —	Business Done
	£ per tonne		
Feb	187.00-87.40	—2.0	188.20-87.30
April	188.70-89.00	—2.65	190.00-88.90
June	185.80-86.50	—1.35	—
August	182.50-84.30	—1.5	—
October	175.00-78.00	—1.75	—
Dec	163.00-68.00	—1.75	—
Feb	160.00-72.00	—1.0	—

Sales: Nil (25) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE — Raw sugar £123.00 (£122.5) a tonne for Dec-Jan-Feb shipment. White sugar £150.75 (£151.00).

Prices were marked down at the opening on currency considerations but the lows were shortlived, reports C. Czarnikow.

No. 4 Contract	Yestday's close	Previous close	Business done
	£ per tonne		
Mar	142.90	142.70-42.75	144.00-41.05
May	149.00-49.50	148.50-49.00	150.75-47.50
No. 6 Contract	**$ per tonne**		
Mar	207.40-08.00	204.80-05.20	207.60-05.80
May	216.40-17.00	214.60-14.80	217.00-12.60
Aug	224.00-25.00	222.60-22.90	224.00-21.00
Oct	232.00-33.00	230.60-30.80	232.00-28.00
Dec	239.00-41.00	238.20-38.20	—
Mar	252.00-54.00	252.00-52.80	—
May	258.00-62.00	259.00-61.00	—

Sales: No 4 1,666; No 6 2,543 (—) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis sugar was £230.00 (untraded) a tonne for export.

International Sugar Agreement — (U.S. cents per pound fob and stowed Caribbean ports). Prices for December 28. Daily price 7.01 (untraded). 15-day average 7.59 (untraded).

MEAT/FISH

MEAT COMMISSION — Average fatstock prices at representative markets: GB Cattle 98.63p per kg lw (+0.95); GB Sheep 160.38p per kg est dcw (+5.52); GB Pigs 80.03p per kg lw (+3.64).

SMITHFIELD — Pence per pound. Beef: Scotch killed sides 82.5-87.5; English forequarters 52.0-56.0. Lamb: English—Small 70.0-76.0; medium 70.0-72.0; heavy 66.0-70.0. Imported: New Zealand PL 59.0-59.8; PX 56.5-57.0. Pork: English under 100 lb 50.0-55.5; 100-120 lb 49.5-53.5; 120-160 lb 42.0-50.0.

COVENT GARDEN — Prices for the bulk of produce, in sterling per package except where otherwise stated. Imported produce: Satsumas—Spania: 3.00-3.40. Clementines—Corsican: 2.00-3.00; Spania: 82/120 4.50-4.80, 132/168 4.20-4.50, 182/210 4.00; Moroccan: 1's 4.40, 2's 4.00-4.10, 3's 3.80-4.00, 4's 3.50-3.60, 5's 3.00-3.20. Oranges—Spania: 42/48/54/60 4.80-5.00, 70/80/90 4.50-4.80, 100/110/120 4.80-5.00; Moroccan: 48 5.00, 63 4.80, 75/88/100 5.00; Jaffa: Navels 16-kg carton 40 5.20, 48/56 5.50, 72/88 5.10, 100 5.40, 113 5.50; 21-kg Bruce 56 6.00, 60/75 6.20, 88/105 6.00, 123 6.20, 144 6.30. Lemons—Italian: carton 5.00-5.50; Cyprus: 10-kg boxes 2.50-5.00; Greek: 10-kg 3.50-4.20, 15-kg 6.00-6.50; Spania: 5-kg 1.80-2.20.

Grapefruit—Jaffa: 32 4.80, 36 4.80, 40 4.60, 48 4.40, 56 4.00, Sunrise 23 5.60, 32 6.20, 36 6.40, 40 6.40, 48 6.20, 56 6.00. Red Blush 32 5.90, 36 6.00, 40 6.00, 48 6.50, 56 5.20. U.S.: Ruby 6.50-7.50; Cyprus: 32 4.60, 40 4.30, 48 4.00, 56 3.80, 64 3.60. Cuban: Pink 36/40 3.80-4.00. Kumquats—Moroccan: per pound 1.20; Israeli: 1.10-1.20. Apples — French: Golden Delicious carton 5.50-7.50, Granny Smith carton 8.20-8.80, Starkcrimson, carton 6.50-7.00; Italian: 21kg Golden Delicious 5.50-6.00, Starking 6.50; Hungarian: approx 19-kg Starking 6.20-6.80. U.S.: Red Delicious new season carton 12.00-13.00.

Pears — Per pound Italian: Passacrassana 0.12-0.14; Dutch: Comice 0.25-0.26. Apricots—Cape: tray 7.00. Plums—Cape Santa Rosa tray 8.00. Grapes—Per pound, S panish, Almeria 0.25-0.32, Napoleon 0.28-0.30; U.S.: Red Emperor 0.60; Italian: Italia 0.38-0.40. Strawberries—Australian: punnet 1.60-2.00; U.S.: 1.50-1.80; Israeli: 2.00. Cherries — Chilean, per pound 1.60. Cranberries—U.S.: pack x 16 6-oz 7.20, 24 x 12-oz 13.20. Melons—Spanish: 10-kg green 4.50-6.00, 15-kg green 11.00-12.50; Israeli: Galia 8.00-9.00; South African: Ogen 11.00-12.00.

INDICES

FINANCIAL TIMES

Dec. 23	Dec. 22	M'th ago	Y'ar ago
296.50	295.22	288.05	239.02

(Base: July 1 1952=100)

REUTERS

Dec. 29	Dec. 28	M'th ago	Y'ar ago
1972.5	1973.7	1935.0	1580.3

(Base: September 18 1931=100)

MOODY'S

Dec. 26	Dec. 22	M'th ago	Yearago
1058.3	1060.6	1033.6	1016.4

(December 31 1931=100)

DOW JONES

Dow Jones	Dec. 28	Dec. 22	Month ago	Year ago
Spot	139.92	139.92	138.45	134.38
Fut's	142.47	142.52	146.52	140.68

(Base: December 31 1974=100)

Zinc values reach 9½-year high

ZINC VALUES reached the highest levels for 9½ years on the London Metal Exchange yesterday, moving slightly above peaks established last week. The cash price gained £8 to £612.5 a tonne on renewed speculative buying interest.

Lead also gained ground, reflecting suggestions that the cold spell in the U.S., if prolonged, could bring a surge in demand for batteries.

It is claimed the long hot spell in the U.S. in the summer may make batteries particularly susceptible to damage from cold conditions.

A dampening influence, however, was news that Asarco, the U.S. producer, has obtained a two-week extension of the labour agreement with its lead and zinc workers, due to expire on December 31.

This will give more time for negotiators to conclude an agreement without a strike though there is no certainty stoppage will be avoided.

Other metal markets were subdued yesterday. Trading interest was at a low ebb prior to the New Year holiday period. Aluminium and nickel prices declined, following the stronger trend in sterling, but tin was marginally firmer and copper almost unchanged.

The American Bureau of Metal Statistics reported that refined copper stocks held by refineries outside the U.S. fell to 325,400 short tons at end-October against 340,000 at end-September.

Refined production in October outside the U.S. was estimated to have declined slightly, to 391,200 short tons (against 395,000 tons in September) but crude output to have increased to 435,800 tons (421,000). Refined deliveries declined marginally to 357,400 tons (360,000).

In the U.S., refined copper stocks held by refineries fell to 101,000 short tons at end-November, against 118,100 tons at end-October. U.S. refined output decreased to 89,100 tons from 110,400, but crude production rose to 95,400 tons (92,400). Deliveries are estimated to have declined to 107,800 tons (136,200).

November record for North Sea oil

By Mark Meredith in Edinburgh

NORTH SEA oil production set a record in November, according to the Royal Bank of Scotland—Radio Scotland oil index.

The index rose 8.6 points to 154.5. The index has 1980 as the base year. Average daily production in November was 2.5m barrels, a 17 per cent increase on output of a year ago.

The previous record was in September when 2.34m barrels were produced a day.

مكانه الأصل

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar continues to lose ground

The dollar continued to ease in currency markets yesterday in very thin trading. Currency movements were exaggerated in the absence of any real volume. The dollar was sold after the announcement of a 0.4 per cent fall in U.S. leading indicators for November, sharply out of line with market predictions of a 0.8 per cent rise. This tended to indicate a slowing in U.S. economic growth. Dealers believe that this in turn will relieve upward pressure on interest rates since the Fed may not have to tighten credit policies in order to restrain inflationary pressures normally associated with strong economic growth.

The dollar fell to DM 2.7280 against the D-mark its lowest level since the beginning of the month and down sharply from Wednesday's finish of DM 2.7515. Against the Swiss franc it fell to SwFr 2.18 from SwFr 2.1875 and Y232.20 from Y233.30. It was also weaker against the French franc at FFr 8.35 compared with FFr 8.4200. On Bank of England figures, the dollar's trade weighted index slipped to 129.5 from 130.1.

STERLING — Trading range against the dollar in 1983 is 1.6245 to 1.4140. November average 1.4773. Trade weighted index 82.8 against 82.6 at noon and 82.5 in the morning and compared with 82.5 on Wednesday and 83.9 six months ago.

The pound rose to $1.4480-1.4490 against the dollar, a rise of 1.35c from Wednesday's close in London. Interest in sterling increased in view of the dollar's weaker trend with underlying support provided by a steadier trend in North Sea oil prices. Sterling rose to DM 3.9550 against the D-mark up from DM 3.95 and SwFr 3.16 compared with SwFr 3.1425. It was also up against the yen at Y336.5 from Y335.0 and FFr 12.09 compared with FFr 12.08.

D-MARK — Trading range against the dollar in 1983 is 2.7780 to 2.3320. November average 2.6847. Trade-weighted index 124.8 against 128.0 six months ago.

The D-mark showed mixed changes at the Frankfurt fixing, weakening against the Japanese yen and French franc, but improving against the dollar, sterling, Dutch guilder and Swiss franc. The Bundesbank sold $2.3m when the dollar fell to DM 2.7380 from DM 2.7538 at the fixing in quiet, thin trade. The dollar's fall was ahead of the U.S. trade figures and statistics on leading indicators. The latter were expected to confirm recent signs of a slow down in U.S. economic growth, amid hopes that the Federal Reserve will not have to tighten its monetary policy to control inflationary pressure. Sterling eased to DM 3.9450 from DM 3.95 at the fixing; the guilder to DM 88.92 per 100 guilder from DM 88.925; and the Swiss franc to DM 1.2516 from DM 1.2583. On the other hand the French franc rose to DM 32.70 per 100 francs from DM 32.695, and the yen to DM 1.1790 per 100 yen from DM 1.1785.

JAPANESE YEN — Trading range against the dollar in 1983 is 246.90 to 226.80. November average 235.06. Trade-weighted index 156.8 against 147.3 six months ago.

The dollar lost ground to the yen in very quiet foreign exchange trading in Tokyo. The U.S. currency fell to Y233.32 from Y233.75 as trade dwindled ahead of the new year. It opened at the day's low of Y233.10, and touched a peak of Y233.38, on limited commercial buying for import settlements. The D-mark also weakened against the yen, falling to Y84.91 from Y85.07.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU December 29	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	44.9008	46.0992	+2.67	+1.96	±1.5447
Danish Krone ...	8.14104	8.17742	+0.45	−0.27	±1.6425
German D-Mark	2.24184	2.25664	+0.66	−0.06	±1.0642
French Franc ...	6.87456	6.90331	+0.42	−0.30	±1.4052
Dutch Guilder ...	2.52595	2.53888	+0.51	−0.21	±1.4964
Irish Punt	0.72569	0.729381	+0.51	−0.21	±1.6699
Italian Lira	1403.49	1373.43	−2.14	−2.14	±4.1506

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ in New York—Latest

	Dec. 29	Previous
Spot	$1.4525-4535	$1.4350-1360
1 month	0.06-0.09 dis	0.13-0.16 dis
3 months	0.22-0.26 dis	0.30-0.33 dis
12 months	0.85-0.96 dis	0.94-1.00 dis

£ forward rates are quoted in U.S. cents discount.

THE POUND SPOT AND FORWARD

Dec 29	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.4350-1.4505	1.4480-1.4490	0.08-0.11c dis	−0.70	0.23-0.28dis	−0.70
Canada	1.7870-1.8050	1.8025-1.8035	0.02-0.12c dis	−0.46	0.18-0.28dis	−0.51
Nethlnd.	4.42½-4.46½	4.44¼-4.45¼	1½-1c pm	3.37	3¾-3⅜ pm	3.03
Belgium	80.40-81.10	80.70-80.80	3-13c dis	−1.19	30-40 dis	−1.73
Denmark	14.27-14.35	14.29½-14.30½	2⅜-3⅜ore dis	−2.62	7⅜-8⅞ dis	−2.22
Ireland	1.2720-1.2880	1.2760-1.2770	0.24-0.30p dis	−2.54	0.80-0.95dis	−2.74
W. Ger.	3.93½-3.96½	3.95-3.96	1½-⅞pf pm	3.41	3½-2⅞ pm	3.18
Portugal	191.00-193.50	192.75-193.25	120-305c dis	−13.21	460-975dis	−14.87
Spain	226.00-228.75	227.90-228.10	165-220c dis	−10.13	540-620dis	−10.17
Italy	2,392-2,412	2,406½-2,408½	13-16 lire dis	−7.23	44½-48½dis	−7.72
Norway	11.10½-11.19½	11.16½-11.17½	3⅜-4⅞ore dis	−4.23	9¼-10½ dis	−3.62
France	12.05-12.14	12.08½-12.09½	2⅛-3⅛c dis	−3.22	12-13½ dis	−4.22
Sweden	11.54-11.63	11.61½-11.62½	2-2½ore dis	−2.32	6½-7 dis	−2.30
Japan	332½-337½	336-337	0.88-0.78y pm	2.96	2.34-2.20 pm	2.70
Austria	27.75-27.95	27.87-27.92	7½-6gro pm	2.90	21½-17½ pm	2.80
Switz.	3.13-3.17	3.15½-3.16½	1⅜-1¼c pm	5.70	4⅜-3⅞ pm	5.22

Belgian rate is for convertible francs. Financial franc 82.00-82.10. Six-month forward dollar 0.42-0.47c dis, 12-month 0.88-0.98c dis.

THE DOLLAR SPOT AND FORWARD

Dec 29	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.4350-1.4505	1.4480-1.4490	0.06-0.11c dis	−0.70	0.23-0.28dis	−0.70
Ireland†	1.1285-1.1360	1.1350-1.1360	0.23-0.20c pm	2.27	0.63-0.56 pm	2.10
Canada	1.2435-1.2460	1.2440-1.2445	0.08-0.06c pm	0.67	0.12-0.10 pm	0.35
Nethlnd.	3.0660-3.0870	3.0680-3.0700	1.08-0.95c pm	3.97	3.00-2.85 pm	3.81
Belgium	55.70-56.10	55.73-55.75	par-5c dis	−0.54	11-16 dis	−0.97
Denmark	9.8725-9.9550	9.8750-9.8800	⅞-⅜ore dis	−0.61	⅜-⅜ dis	−0.20
W. Ger.	2.7255-2.7480	2.7275-2.7285	0.97-0.92pf pm	4.16	2.71-2.66 pm	3.94
Portugal	133.10-133.45	133.15-133.45	80-200c dis	−12.60	300-650dis	−14.25
Spain	157.25-157.70	157.25-157.35	110-135c dis	−9.33	340-390 dis	−9.27
Italy	1,661-1,668½	1,662-1,663	8⅜-9⅜lire dis	−6.68	28⅜-29⅜dis	−7.04
Norway	7.7070-7.7450	7.7150-7.7200	2-2½ore dis	−3.50	5.40-5.90dis	−2.93
France	8.3425-8.4100	8.3475-8.3525	1.70-1.95c dis	−2.69	7.00-7.60dis	−3.50
Sweden	8.0060-8.0500	8.0075-8.0125	0.70-0.90ore dis	−1.20	2.80-3.00dis	−1.45
Japan	231.75-233.00	232.15-232.25	0.74-0.69y pm	3.75	2.02-1.97 pm	3.44
Austria	19.23-19.37	19.24-19.25	6.10-5.60gro pm	3.61	18-16 pm	3.53
Switz.	2.1785-2.1880	2.1795-2.1805	1.21-1.11c pm	6.39	3.33-3.23 pm	6.02

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 56.60-56.65.

OTHER CURRENCIES

Dec. 29	£	$		£ Note Rates
Argentina Peso...	33.34-33.41	23.054-23.074	Austria............	27.70-28.00
Australia Dollar..	1.6110-1.6150	1.1135-1.1155	Belgium............	81.30-82.10
Brazil Cruzeiro...	1,415.1-1,424.4	979-984	Denmark............	14.24-14.38
Finland Markka..	8.4185-8.4445	5.8250-5.8280	France............	12.04-12.16
Greek Drachma..	142.30-142.90	99.00-99.50	Germany............	3.93¼-3.97¼
Hong Kong Dollar	11.24½-11.25½	7.7800-7.7830	Italy............	2385-2415
Iran Rial........	126.60*	88.30*	Japan............	334-339
Kuwait Dinar(KD)	0.4235 0.4240	0.29284-0.29294	Netherlands......	4.42½-4.46½
Luxembourg Fr..	80.70 80.80	55.73-55.75	Norway............	11.09-11.19
Malaysia Dollar..	3.3770-3.3830	2.3355-2.3385	Portugal............	186-203
New Zealand Dlr.	2.2118-2.2165	1.5290 1.5315	Spain............	225¼-234
Saudi Arab. Riyal	5.0610-5.0655	3.5001 3.5006	Sweden............	11.54-11.64
Singapore Dollar	3.0700 3.0760	2.1235-2.1265	Switzerland......	3.14¼-3.17¼
Sth.African Rand	1.7640-1.7665	1.2160-1.2195	United States....	1.43½-1.45½
U.A.E. Dirham....	5.3095-5.3150	3.6720-3.6730	Yugoslavia......	204-220

* Selling rates.

CURRENCY RATES

Dec. 29	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.725168	0.570561
U.S. $	8½	1.04504	0.826002
Canadian$...	10.04	*	1.02796
Austria Sch	3¾	20.2121	15.9501
Belgian F ...	10	58.4886	46.0992
Danish Kr...	7	10.3924	8.17742
D mark	4	2.86132	2.25664
Guilder	5	3.21768	2.53888
French F......	9½	8.75639	6.90331
Lira	17	1739.99	1373.43
Yen	5	N/A	191.756
Norwgn Kr...	8	8.09182	6.37543
Spanish Pta	—	164.646	130.178
Swedish Kr	8½	8.40839	6.62123
Swiss Fr	4	2.28393	1.80523
Greek Dr'ch	20½	N/A	81.7494

* C$/SDR rate for Dec 28: 1.29859

CURRENCY MOVEMENTS

Dec. 29	Bank of England Index	Morgan Guaranty Changes%
Sterling..............	82.8	−7.8
U.S. dollar..............	129.5	+17.5
Canadian dollar......	92.1	+0.4
Austrian schilling.	114.7	+2.9
Belgian franc	89.3	−12.0
Danish kroner	78.7	−5.8
Deutsche mark. ...	124.8	+7.1
Swiss franc......	151.3	+14.1
Guilder..............	114.6	+4.1
French franc	66.2	−15.5
Lira..............	48.9	−12.2
Yen..............	156.8	+15.1

Morgan Guaranty changes: average 1980-1982=100. Bank of England index (base average 1975=100).

EXCHANGE CROSS RATES

Dec. 29	Pound St'rling	U.S. Dollar	Deutschem'k	Japanese Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.449	3.955	336.5	12.09	3.160	4.448	2408.	1.803	80.75
U.S. Dollar	0.690	1.	2.726	232.2	8.350	2.180	3.070	1662.	1.245	55.74
Deutschemark	0.253	0.366	1.	85.08	3.057	0.799	1.125	608.7	0.456	20.42
Japanese Yen 1,000	2.972	4.306	11.75	1000.	35.93	9.391	13.22	7155.	5.358	240.0
French Franc 10	0.827	1.198	3.271	278.3	10.	2.614	3.679	1991.	1.491	66.79
Swiss Franc	0.316	0.458	1.252	106.5	3.826	1.	1.407	761.9	0.571	25.55
Dutch Guilder	0.225	0.326	0.889	75.66	2.718	0.711	1.	541.3	0.405	18.16
Italian Lira 1,000	0.415	0.602	1.643	139.8	5.022	1.313	1.847	1000	0.749	33.54
Canadian Dollar	0.555	0.803	2.194	186.6	6.705	1.753	2.467	1335.	1.	44.79
Belgian Franc 100	1.238	1.794	4.898	416.7	14.97	3.913	5.508	2981.	2.233	100.

EURO-CURRENCY INTEREST RATES (Market closing rates)

Dec. 29	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Kroner
Short term......	9⅛-9¼	9⅛-9⅜	8¾-9¼	5⅛-5⅜	12-14¼	8⅛-9	12¼-12½	6-10	9½-10	9½-10	6-6⅛	13¼-13¾
7 day's notice....	9⅛-9⅜	9¼-9½	8¾-9¼	5⅝-5⅞	1⅛-1⅞	5⅛-5½	12¼-12½	14½-16½	10-10½	10-10½	6⅛-6⅜	10½-11
Month	9⅛-9¼	9⅛-9⅜	9⅛-9⅞	5⅛-5⅜	3⅛-3⅞	5⅝-5¾	12⅛-12⅜	15⅝-16⅝	10¼-10¾	10⅜-10⅝	6⅛-6⅜	11¼-11¾
Three months......	9⅛-9⅜	9¾-10	9½-9¾	6-6⅛	3⅛-3⅞	5⅞-6	13¼-13½	16½-17¼	10¾-11¼	10⅞-11⅛	6⅛-6⅜	11⅛-11⅝
Six months.........	9½-9⅝	10-10¼	9¾-10	6⅛-6⅜	4-4⅛	6⅛-6¼	14⅛-14⅜	17¼-18	11-11⅛	11-11¼	6⅜-6½	10⅞-11⅛
One Year...........	9⅞-9⅞	10⅛-10⅜	9⅞-10⅛	6⅝-6½	3⅞-3⅞	6⅛-6⅜	14⅜-14⅝	17⅞-18½	11-11½	11⅛-11⅜	6⅛-6⅜	11-11½

Asian $ (closing rates in Singapore): Short-term 12-13 per cent; seven days 9½-9⅞ per cent; one month 9⅞-9⅞ per cent; three months 9¹⁵/₁₆-10¹/₁₆ per cent; six months 10⅛-10¼ per cent; one year 10⅜-10½ per cent. Long-term Eurodollars two years 11⅛-11½ per cent; three years 11¾-12 per cent; four years 12-12¼ per cent; five years 12¼-12½ per cent nominal closing rates. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

FINANCIAL FUTURES

Below best levels

Prices finished below the highest levels on the London International Financial Futures Exchange yesterday, after receiving a strong upward push in the early afternoon on publication of U.S. November leading indicators. Little change was expected in these figures, and the fall of 0.4 per cent came as a surprise to financial markets, but tended to support the recent flash estimate of fourth quarter gross national product, indicating lower than anticipated economic growth. This is expected to prevent a tightening of U.S. monetary policy by the Federal Reserve as inflationary pressures remain under control, and was the major factor behind the rise to a peak of 90.02 in March Eurodollars from an opening level of 89.96.

The later fall back to 89.96 left the contract only slightly above the previous closing level of 89.91, and followed a very firm opening to the Federal funds overnight rate in New York. This rose to 10¼ per cent, from the Wednesday close of 9¾ per cent, as banks bid aggressively for funds ahead of the long holiday weekend.

Gilts for March delivery opened quite firm at 109-17, and touched a high point of 109-22 despite a weakening of cash prices. The improvement of sterling on the foreign exchanges, particularly against the dollar, helped to support trading, but the price fell back to close at 109-14, compared with 109-16 on Wednesday.

Short sterling deposit futures were slightly firmer on the day. The March contract opened at 90.57, and after touching a peak of 90.60, finished at 90.58, against 90.53.

LONDON

THREE-MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev
March	89.96	90.02	89.94	89.91
June	89.62	89.66	89.61	89.58
Sept	89.36	89.38	89.33	89.33
Dec	89.12	—	—	89.10
March	88.92	—	—	88.90

Volume 1,274 (1,900)
Previous day's open int. 8,738 (8,809)

THREE-MONTH STERLING DEPOSIT £250,000 points of 100%

	Close	High	Low	Prev
March	90.58	90.60	90.56	90.53
June	90.42	90.43	90.40	90.38
Sept	90.18	90.20	90.15	90.12
Dec	90.11	90.12	90.11	90.06

Volume 776 (473)
Previous day's open int. 5,041 (5,049)

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

	Close	High	Low	Prev
March	109-14	109-22	109-10	109-16
June	108-29	109-02	108-29	109-00
Sept	108-15	—	—	108-20
Dec	108-01	—	—	108-06
March	107-10	107-24	107-19	—

Volume 1,282 (947)
Previous day's open int. 2,720 (2,833)
Basis quote (clean cash price of 13¼% Treasury 2003 less equivalent price of near futures contract) 40 to 54 (32nds)

STERLING £25,000 $ per £

	Close	High	Low	Prev
March	1.4495	1.4505	1.4390	1.4383
June	1.4515	1.4515	1.4430	1.4400
Sept	1.4540	—	—	1.4425

Volume 368 (78)
Previous day's open int. 2,227 (2,229)

DEUTSCHE MARKS DM 125,000 $ per DM

	Close	High	Low	Prev
March	0.3693	0.3693	0.3670	0.3665
June	0.3728	—	—	0.3699
Sept	—	—	—	—

Volume 77 (51)
Previous day's open int. 279 (244)

SWISS FRANCS SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
March	0.4640	0.4640	0.4633	0.4625
June	0.4709	—	—	0.4698
Sept	—	—	—	—

Volume 14 (1)
Previous day's open int. 81 (81)

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
March	0.4339	0.4339	0.4324	0.4318
June	0.4379	—	—	0.4358
Sept	—	—	—	—

Volume 60 (10)
Previous day's open int. 277 (284)

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
March	70-05	70-16	70-03	70-00
June	69-17	69-28	69-17	69-15
Sept	69-01	69-10	69-01	68-30
Dec	68-19	68-25	68-19	68-15
March	68-05	68-11	68-05	68-00
June	67-25	67-30	67-25	67-21
Sept	67-14	67-20	67-14	67-13
Dec	67-04	67-09	67-04	67-03
March	—	—	—	—

U.S. TREASURY BILLS (IMM) $1m points of 100%

	Latest	High	Low	Prev
March	90.77	90.82	90.77	90.75
June	90.45	90.47	90.43	90.41
Sept	90.18	90.19	90.16	90.13
Dec	89.91	89.94	89.90	89.90
March	89.69	89.69	89.68	89.65
June	89.46	89.46	89.46	89.42
Sept	89.28	89.28	89.28	—
Dec	89.10	89.10	89.10	89.09

CERT. DEPOSIT (IMM) $1m points of 100%

	Latest	High	Low	Prev
Dec	90.32	90.37	90.31	90.27
March	90.08	90.16	90.07	90.04
June	89.70	89.75	89.69	89.55
Sept	89.40	89.42	89.39	89.35
Dec	—	—	—	—
March	—	—	—	—
Sept	77.60	—	—	76.95

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

	Latest	High	Low	Prev
March	89.67	89.73	89.65	89.63
June	89.32	89.38	89.32	89.27
Sept	89.05	89.10	89.04	88.99
Dec	88.79	88.79	88.78	—
March	88.52	88.53	88.53	88.46
June	—	—	—	88.20

STERLING (IMM) $s per £

	Latest	High	Low	Prev
March	1.4530	1.4575	1.4480	1.4380
June	1.4565	1.4580	1.4500	1.4400
Sept	1.4580	1.4600	1.4525	1.4425
Dec	1.4610	1.4620	1.4590	1.4450
March	1.4620	1.4630	1.4620	1.4470
June	—	—	—	—

GNMA (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
March	68-17	68-26	68-16	68-14
June	67-19	67-24	67-19	67-15
Sept	66-26	66-27	66-21	66-17
Dec	66-02	66-02	65-28	65-25
March	—	—	—	—
June	64-28	64-28	64-25	—
Sept	64-14	64-14	64-14	—
Dec	—	—	—	63-25

BASE LENDING RATES

- A.B.N. Bank .... 9 %
- Allied Irish Bank ...... 9 %
- Amro Bank .... 9 %
- Henry Ansbacher ...... 9 %
- Arbuthnot Latham...... 9 %
- Armco Trust Ltd. ...... 9 %
- Associates Cap. Corp. 9½%
- Banco de Bilbao ...... 9 %
- Bank Hapoalim BM ... 9 %
- BCCI .... 9 %
- Bank of Ireland .... 9 %
- Bank Leumi (UK) plc 9 %
- Bank of Cyprus .... 9 %
- Bank of Scotland ...... 9 %
- Banque Belge Ltd. ... 9 %
- Banque du Rhone ...... 10 %
- Barclays Bank .... 9 %
- Beneficial Trust Ltd.... 10 %
- Bremar Holdings Ltd. 9 %
- Brit. Bank of Mid. East 9 %
- ■ Brown Shipley .... 9 %
- CL Bank Nederland ... 9 %
- Canada Perm't Trust 10 %
- Castle Court Trust Ltd. 9½%
- Cayzer Ltd. .... 9 %
- Cedar Holdings .... 9 %
- ■ Charterhouse Japhet ... 9 %
- Choulartons 10½%
- Citibank Savings ......¶10½%
- Clydesdale Bank ...... 9 %
- C. E. Coates 9½%
- Comm. Bk. of N. East 9 %
- Consolidated Credits ... 9 %
- Co-operative Bank ......* 9 %
- The Cyprus Popular Bk. 9 %
- Dunbar & Co. Ltd. ...... 9 %
- Duncan Lawrie .... 9 %
- E. T. Trust 9½%
- Exeter Trust Ltd. ...... 10 %
- First Nat. Fin. Corp.... 11 %
- First Nat. Secs. Ltd....10½%
- Robert Fraser .... 10 %
- Grindlays Bank ....‡ 9 %
- ■ Guinness Mahon .... 9 %
- ■ Hambros Bank .... 9 %
- Heritable & Gen. Trust 9 %
- ■ Hill Samuel ....§ 9 %
- C. Hoare & Co. ....† 9 %
- Hongkong & Shanghai 9 %
- Kingsnorth Trust Ltd. 10 %
- Knowsley & Co. Ltd. ... 9½%
- Lloyds Bank .... 9 %
- Mallinhall Limited ... 9 %
- Edward Manson & Co. 10 %
- Meghraj and Sons Ltd. 9 %
- Midland Bank .... 9 %
- ■ Morgan Grenfell ...... 9 %
- National Bk. of Kuwait 9 %
- National Girobank ...... 9 %
- National Westminster 9 %
- Norwich Gen. Tst. ...... 9 %
- R. Raphael & Sons ...... 9 %
- P. S. Refson & Co. ... 9 %
- Roxburghe Guarantee 9½%
- Royal Trust Co. Canada 9 %
- Standard Chartered ...‖ 9 %
- Trade Dev. Bank ...... 9 %
- TCB .... 9 %
- Trustee Savings Bank 9 %
- United Bank of Kuwait 9 %
- United Mizrahi Bank... 9 %
- Volkskas Intnl. Ltd. ... 9 %
- Westpac Banking Corp. 9 %
- Whiteaway Laidlaw ... 9½%
- Williams & Glyn's ...... 9 %
- Wintrust Secs. Ltd. ... 9 %
- Yorkshire Bank .... 9 %

■ Members of the Accepting Houses Committee.
* 7-day deposits 5.5%, 1-month 6%. Fixed rate 12 months: £2,500 9%; £25,000 12 months 9.5%.
† 7-day deposits on sums of: under £10,000 5½%, £10,000 up to £50,000 6½%, £50,000 and over 7½%.
‡ Call deposits £1,000 and over 5½%.
‖ 21-day deposits over £1,000 6½%.
§ Demand deposits 5½%.
¶ Mortgage base rate.

MONEY MARKETS

UK rates show little change

Interest rates showed little change in London yesterday. Some period rates may have edged 1/16 of a point lower, helped by sterling's better performance although there was no concerted effort to push rates lower. Three-month interbank money was quoted at 9¾ per cent down from 9⅞ per cent while three-month eligible bank bills were unchanged at 8¾ per cent. Overnight interbank money opened at 9-9¼ per cent and traded up to 9¼ per cent before slipping away to 8¾ per cent.

The Bank of England forecasts a shortage of around £300m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £258m and Exchequer transactions a further £250m. On the other hand there was a fall in the note circulation of £175m. The Bank gave assistance in the morning of £161m, comprising purchases of £63m of eligible bank bills in band 1 (up to 14 days) at 9 1/16 per cent and £35m in band 2 (15-33 days) at 9 per cent. In band 3 (34-63 days) it bought £8m of eligible bank bills at 8 15/16 per cent and in band 4 (64-91 days) £5m at 8¾ per cent.

The shortage was later revised to a shortage of £350m before taking into account the morning's operations and the Bank gave additional help in the afternoon of £158m, making a grand total of £319m. The afternoon help comprised purchases of £34m of eligible bank bills in band 1 at 9 1/16 per cent and £69m in band 2 at 9 per cent. In band 4 it bought £55m of eligible bank bills at 8¾ per cent.

In Frankfurt call money was quoted at 5.55 per cent, up from 5.525 per cent on Wednesday as commercial banks continued to bid heavily for funds. This was in order to meet end of month reserve requirements. Funds were also obtained through repeated use of the Lombard facility, currently costing 5.5 per cent and the Lombard debt rose from DM 9.4bn on Tuesday to DM 13.4bn on Wednesday. Conditions are expected to remain tight into the New Year.

In Amsterdam interest rates were slightly easier as dealers reported a slackening in the usual seasonal demand for funds. Call money was quoted at 5⅛-5⅜ per cent compared with 5⅜-5⅝ per cent on Wednesday while the three-month rate slipped to 6-6⅛ per cent from 6⅛-6¼ per cent.

UK clearing banks' base lending rate 9 per cent (since October 4 and 5)

MONEY RATES

Dec. 29	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	5.5-5.6	12¾	1-2	5⅜-5½	6.46875	17½-17⅞	5.40	10½-11
One month	6.4-6.5	12⅛-12¼	3⅝-3½	5¾-6	6.34375	17⅜-17¾	10⅜-10⅝	12-12⅛
Two months	6.4-6.5	12 1/16-12 3/16	—	—	—	—	—	12⅛-12¼
Three months	6.35-6.45	12 3/16-12 5/16	3 7/16-3 9/16	6-6⅛	6.28125	17⅝-18	10⅞-11⅛	12⅛-12¼
Six months	6.4-6.5	12 5/16-12 7/16	—	6⅛-6¼	—	—	10⅞-11¼	12⅜-12⅝
Lombard	5.5	—	—	—	—	—	—	—
Intervention	—	12	—	5⅞	—	—	—	—

LONDON MONEY RATES

Discount Houses Deposit and Bill Rates

Dec. 29 1983	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	—	8¾-9¼	9-9¼	9¼-9⅝	8¾-9⅛	—	—	—	—	—
2 days notice...	—	—	9⅛	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 day notice ...	—	9 1/16-9 3/16	9⅛-9¼	9¼-9½	9	—	—	—	—	—
One month......	9 1/16-9⅛	9 3/16-9 5/16	9 3/16	9¼	9	9	8 15/16	9	8 15/16	9⅝
Two months ...	9 3/16-9 5/16	9 5/16-9 7/16	9¼	9⅜	9	8 13/16	8 25/32	8 13/16	8 25/32	9 5/16
Three months	9 11/16-9¾	9 11/16-9 13/16	9 5/16	9½	9	8⅞	8 13/16	8⅞	8 27/32	9½
Six months	9 9/16-9 11/16	9½-9⅝	9½	—	—	—	—	8 21/32	8 11/16	9 13/32
Nine months ...	9 11/16-9 13/16	9 11/16-9 13/16	9¾	—	—	—	—	—	—	—
One year	9 11/16-9⅞	9 11/16-9 13/16	9¾	—	—	—	—	—	—	—

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Certs of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month......	9¾-9½	—	9⅛	9.60-9.70	8⅝-9	8⅝-9
Two months....	9¾-9½	—	9¼	9.65-9.75	8 11/16-9 1/16	8 13/16-9 3/16
Three months..	9¾-9½	—	9 3/16	9.70-9.80	8⅞-9¼	9 1/16-9 7/16
Six months......	9½-9¼	—	9⅝	9.85-9.95	9⅛-9½	9⅜-9¾
Nine months....	10-9⅝	—	9 11/16	10.05-10.15	—	—
One year.........	9⅞-9⅝	—	10	10.15-10.25	9⅜-9¾	9 9/16-9 15/16
Two years........	—	10½	—	—	—	—
Three years.....	—	10¾	—	—	—	—
Four years......	—	10⅞	—	—	—	—
Five years......	—	11	—	—	—	—

ECGD Fixed Rate Export Finance Scheme IV Average Rate for interest period November 2 to December 6 1983 (inclusive) 9.350 per cent. Local authorities and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rates (published by the Finance Houses Association): 9½ per cent from December 1 1983. London and Scottish Clearing Bank Rates for lending 9 per cent. London Deposit Rates for sums at seven days' notice 5½ per cent. Treasury Bills: Average tender rate of discount 8.8813 per cent. Certificates of Tax Deposit (Series 6). Deposits of £100,000 and over held under one month 9½ per cent; one-three months 9½ per cent; three-six months 9¾ per cent; six-12 month 10¼ per cent. Under £100,000 9¾ per cent from December 14. Deposits held under Series 4-5 10 per cent. The rate for all deposits withdrawn for cash 8 per cent.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	11
Broker loan rate	10½
Fed funds	10½
Fed funds at intervention	10⅜

Treasury Bills

One month	8.35
Two month	8.65
Three month	8.97
Six month	9.14
One year	9.20

Treasury Bonds

Two year	100⅛
Three year	99 15/32
Four year	99 23/32
Five year	99 21/32
Seven year	100⅛
10 year	99 23/32
30 year	101 23/32

FT LONDON INTERBANK FIXING

LONDON INTERBANK FIXING (11.00 a.m. December 29)

3 months U.S. dollars

bid 9 13/16 | offer 9 15/16

6 months U.S. dollars

bid 10 1/16 | offer 10 3/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

WORLD VALUE OF THE DOLLAR

Bank of America NT & SA, Economics Department, London

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday December 28 1983. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT and SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT and SA nor the Financial Times assume responsibility for errors.

Bank of America, Economics Dept., E.M.E.A. London
Eurodollar Libor as of December 28 at 11.00 am
3 months: 10⅛. 6 months: 10 5/16.

SDR1=US$1.04227
Sibor as of December 28 at 11.00 am
3 months: 10 3/16. 6 months: 10 5/16

COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (O)	50.60
Albania	Lek	7.0432
Algeria	Dinar	4.927
Andorra	Fr. Franc	8.422
	Sp. Peseta	157.80
Angola	Kwanza	30.214
Antigua	E. Caribbean $	2.70
Argentina	New Peso (f)	22.67
Australia	Dollar	1.1142
Austria	Schilling	19.417
Azores	Port. Escudo	132.85
Bahamas	Dollar	1.00
Bahrain	Dinar	0.377
Balearic Is.	Sp. Peseta	157.80
Bangladesh	Taka	24.85
Barbados	Dollar	2.0113
Belgium	Franc (C)	56.15
	Franc (F)	56.89
Belize	Dollar	2.00
Benin	C.F.A. Franc	421.10
Bermuda	Dollar	1.00
Bhutan	Ind. Rupee	9.48
Bolivia	Peso (12)	500.00
Botswana	Pula*	1.1561
Brazil	Cruzeiro (10)	968.50
Brunei	Dollar	2.128
Bulgaria	Lev	0.998
Burma	Kyat	8.1634
Burundi	Franc (13)	117.723
Cameroun Rp.	C.F.A. Franc	421.10
Canada	Dollar	1.245
Canary Is.	Sp. Peseta	157.80
Cape Verde Is.	Escudo	72.6744
Cayman Is.	Dollar	0.835
Cen. Af. Rep.	C.F.A. Franc	421.10
Chad	C.F.A. Franc	421.10
Chile	Peso (O)	87.48
China	Renminbi Yuan	1.9889
Colombia	Peso (O)	88.54
Comoros	C.F.A. Franc	421.10
Congo P'ple.Rep.of	C.F.A. Franc	421.10
Costa Rica	Colon (9)	43.40
Cuba	Peso	0.8704
Cyprus	Pound*	1.7715
Czechoslovakia	Koruna (O)	6.45
Denmark	Krone	9.971
Djibouti Rp. of	Franc	177.72
Dominica	E. Caribbean $	2.70
Domin. Rep.	Peso	1.00
Ecuador	Sucre (O)	54.39
	Sucre (F)	89.35
Egypt	Pound* (O)	1.4286
	Pound*	1.2165
El Salvador	Colon	2.50
Eq'tl Guinea	Ekuele	315.60
Ethiopia	Birr (O)	2.0672
Faeroe Is.	Dan. Krone	9.971
Falkland Is.	Pound*	1.434
Fiji	Dollar	1.0455
Finland	Markka	5.865
France	Franc	8.422
Fr. C'ty in Af.	C.F.A Franc	421.10
Fr. Guiana	Franc	8.422
Fr. Pac. Is.	C.F.P. Franc	153.127
Gabon	C.F.A. Franc	421.10
Gambia	Dalasi	2.7894
Germany (E)	Ostmark (O)	2.753
Germany (W)	Mark	2.753
Ghana	Cedi (3)	30.00
Gibraltar	Pound*	1.434
Greece	Drachma	99.50
Greenland	Dan. Krone	9.971

COUNTRY	CURRENCY	VALUE OF DOLLAR
Granada	E. Caribbean $	2.70
Guadaloupe	Franc	8.422
Guam	U.S. $	1.00
Guatemala	Quetzal	1.00
Guinea Bissau	Peso	42.2154
Guinea Rep.	Syli	23.6841
Guyana	Dollar	3.00
Haiti	Gourde	5.00
Honduras Rep.	Lempira	2.00
Hong Kong	Dollar	7.781
Hungary	Forint	44.51
Iceland	Krona	28.77
India	Rupee	9.48
Indonesia	Rupiah	996.00
Iran	Rial (O)	88.5564
Iraq	Dinar	0.3109
Irish Rep	Punt*	1.128
Israel	Shekel (1)	102.85
Italy	Lira	1670.10
Ivory Coast	C.F.A. Franc	421.10
Jamaica	Dollar (o) (11)	2.94
Japan	Yen	233.67
Jordan	Dinar	0.372
Kampuchea	Riel	n.a.
Kenya	Shilling	13.8324
Kiribati	Aust. Dollar	1.1142
Korea (Nth)	Won	0.94
Korea (Sth)	Won	797.60
Kuwait	Dinar	0.2928
Lao P'ple D. Rep.	Kip	13.00
Lebanon	Pound	5.445
Lesotho	Loti	1.2191
Liberia	Dollar	1.00
Libya	Dinar	0.2961
Liechtenst'n	Sw. Franc	2.188
Luxembourg	Lux Franc	56.15
Macao	Pataca	8.0884
Madagascar D. R.	Franc(2)	507.951
Madeira	Port. Escudo	132.85
Malawi	Kwacha	1.5026
Malaysia	Ringgit	2.339
Maldive Is.	Rufiyaa (O)	8.93
	Rufiyaa (M)	7.05
Mali Rp	Franc	842.20
Malta	Pound*	2.2497
Martinique	Franc	8.422
Mauritania	Ouguiya	55.85
Mauritius	Rupee	12.3029
Mexico	Peso (Free)	160.83
	Peso (cont'd)	143.41
Miquelon	Fr. Franc	8.422
Monaco	Fr. Franc	8.422
Mongolia	Tugrik (O)	3.3555
Montserrat	E. Caribbean $	2.70
Morocco	Dirham	8.129
Mozambique	Metica	41.676
Namibia	S.A. Rand	1.2191
Narua Is.	Aust. Dollar	1.1142
Nepal	Rupee	14.90
Netherlands	Guilder	3.091
NethAnt'les	Guilder	1.80
New Zealand	Dollar	1.5373
Nicaragua	Cordoba	10.00
Niger Rp	C.F.A. Franc	421.10
Nigeria	Naira (O)	0.74
Norway	Krone	7.758
Oman, Sultanate of	Rial	0.3456
Pakistan	Rupee	13.358
Panama	Balboa	1.00
Papua N.G.	Kina	0.8826
Paraguay	Guarani (o)	160.00

COUNTRY	CURRENCY	VALUE OF DOLLAR
Peru	Sol	2261.14
Philippines	Peso (4)	13.99
Pitcairn Is.	N.Z. Dollar	1.5373
Poland	Zloty (O)	95.49
Portugal	Escudo	132.85
Puerto Rico	U.S. $	1.00
Qatar	Riyal	3.6397
Reunion, Ile de la	Fr. Franc	8.422
Romania	Leu (O)	4.47
Rwanda	Franc (8)	98.5442
St. Christopher	E. Caribbean $	2.70
St. Helena	Pound*	1.434
St. Lucia	E. Caribbean $	2.70
St. Pierre	Fr Franc	8.422
St. Vincent	E. Caribbean $	2.70
Samoa (Western)	Tala*	1.647
Samoa (Am.)	U.S. $	1.00
San Marino	It. Lira	1670.10
Sao Tome & Principe DR	Dobra	39.7352
Saudi Arabia	Riyal	3.45
Senegal	C.F.A. Franc	421.10
Seychelles	Rupee	6.9411
Sierra Leone	Leone	2.51
Singapore	Dollar	2.128
Solomon Is.	Dollar	1.2297
Somali Rep.	Shilling	15.8308
South Africa	Rand	1.2191
Spain	Peseta	157.80
Span. Ports in N. Africa	Sp. Peseta	157.80
Sri Lanka	Rupee	24.73
Sudan Rep.	Pound*	0.7693
Surinam	Guilder	1.785
Swaziland	Lilangeni	1.2191
Sweden	Krone	8.051
Switzerland	Franc	2.188
Syria	Pound	3.925
Taiwan	Dollar (O)	40.28
Tanzania	Shilling	12.35
Thailand	Baht	23.50
Togo Rep.	C.F.A. Franc	421.10
Tonga Is.	Pa'anga	1.1142
Trinidad & Tobago	Dollar	2.409
Tunisia	Dinar	0.733
Turkey	Lira	275.95
Turks & Caicos	U.S. $	1.00
Tuvalu	Aust. Dollar	1.1142
Uganda	Shilling (1st)	232.28
	Shilling (2nd)	297.75
Utd. A'b. Emir.	Dirham	3.673
Utd. Kingdom	Pound Sterling*	1.434
Upper Volta	C.F.A. Franc	421.10
Uruguay	Peso	42.65
U.S.S.R.	Rouble	0.7925
Vanuatu	Vatu	101.893
Vatican	Lira	1670.10
Venezuela	Bolivar (5)	6.15
	Bolivar (6)	9.93
	Bolivar (7)	12.85
Vietnam	Dong (O)	9.9579
Virgin Is. Br.	U.S. $	1.00
Virgin Is. U.S.	U.S. $	1.00
Yemen	Rial	4.697
Yemen PDR	Dinar	0.3453
Yugoslavia	Dinar	125.42
Zaire Rp.	Zaire	27.0875
Zambia	Kwacha	1.2281
Zimbabwe	Dollar	1.005

n a. Not available. (m) Market rate. * U.S. dollars per National Currency unit. (o) Official rate. (c) Commercial rate. (f) Financial rate. (1) Israel: Devalued approximately 23 per cent October 11. (2) Madagascar: September 30, devalued by 10.25 per cent. (3) Ghana: Central Bank announced devaluation of approximately 90.8 per cent effective October 11. (4) Philippines Peso now floating from October 5. (5) Venezuela: Three-tier system has developed. This rate is for all essential imports. (6) Venezuela: Non essential import rate. (7) Venezuela: Floating rate for tourists. (8) Rwanda: Franc now linked to the SDR at rate 102.71. (9) Costa Rica: November 11. Central Bank unified the exchange rate. (10) Brazil: November 22, Brazil Central Bank devalued effective November 23. (11) Jamaica: November 23, Government adjusted official rate. (12) Bolivia: November 17, Central Bank devalued. (13) Burundi: November 23, linked to SDR effective devaluation 30 per cent.

For further information please contact your local branch of the Bank of America.

MANAGEMENT

EDITED BY CHRISTOPHER LORENZ

How Volvo fought back in the U.S.

BY TERRY DODSWORTH

IN THE mid-1970s, it would have looked like a fairly long shot to gamble on Volvo heading the European car import league in the U.S. this year. The Swedish company had been knocked off balance by the first oil crisis, sales were falling like a stone, and its attempts to adjust its vehicles to the newly conservation-minded market were running into all kinds of problems.

Yet today Volvo is coasting away with the number one position, way ahead of Mercedes and BMW, and even in front of Volkswagen and Renault in terms of the import content of their sales. With the dollar at its present strength it is operating on very healthy margins; and its profits are enabling it to move steadily forward with its long-term strategy of developing a U.S. motor group with as broad a base as the parent back in Sweden.

The architect of this turnaround is Bjorn Ahlstrom, an exuberant, naturalised American who cut his management teeth at IBM Sweden in the early 1960s—and developed a taste for growth-orientated businesses. "When I joined, the IBM organisation had 100 employees selling time clocks," he recalls. "Then came computers, the whole thing exploded and we grew to 3,000. It was absolutely fascinating."

Volvo U.S. has been equally committed to expansion during the past decade, growing from revenues of $200m in 1972 to $2bn last year. North America now accounts for 20 per cent of group turnover, excluding oil trading, while generating 37 per cent of total large car shipments, 17 per cent of trucks and 80 per cent of worldwide marine engine sales. Over the past five years, the group's U.S. car deliveries, likely to reach almost 90,000 units this year (Canada generates another 8,600), have doubled in unit terms and more than doubled in profits.

The decision to move towards a diversified group in the U.S. was made in the early 1970s, says Ahlstrom, with the aim of giving the company the kind of counter-cyclical product base achieved in Sweden. Under this plan profits on the car side were meant to fund diversification into trucks and buses. But the process looked as though it was coming seriously unstuck when the first oil crisis struck. After two decades of steady expansion, car sales plunged from 60,300 in 1975 to 44,000 a year later.

The collapse scuppered Volvo's plan to manufacture cars in the U.S. and raised a question mark over the future. Its immediate cause was the recession. But Ahlstrom readily admits that Volvo's troubles went much deeeper than this cyclical market upset. Rapid cost escalation and the weak dollar had driven the company's U.S. prices way out of line, and the system of direct electronic fuel injection that it had pioneered to surmount energy and emission requirements was so inefficient it "drove customers crazy."

The group's position today traces back to the speed of its reaction in the wake of this crisis. In Sweden, Volvo launched into a severe cost cutting programme, bringing its break-even point down sharply. At the same time, it pushed ahead with new engineering projects to produce a range of models offering diesel, 6 cylinder engines, turbocharging and a host of other extras for the U.S. The result, says Ahlstrom, is a stream of products—some of them unique to the North American market—selling at a relatively "high price, high margin and high profit."

Just as it has in Europe, Volvo has also managed to imprint its distinctive image on the public. Its cars are seen as rugged, reliable, safe, long lasting and above all sensible; its medium size estate, for example, fills a unique slot in the market. With this concept well established, it has been able to follow a Mercedes style policy of limiting supply just enough to keep pressure on demand.

Ahlstrom refuses to say just how much money the car division is making but he admits that earnings have grown disproportionately faster than sales over the past couple of years and the involuntary tug of a smile when he talks about profits gives the game away. Even so, he recognises that the group owes something of its present position to luck. Detroit's plunge into its massive car downsizing programme at the end of the 1970s predictably led to horrific quality problems which played straight into Volvo's hands and the exceptional strength of the dollar over the past three years has produced hefty and unexpected margins.

Neither of these factors can be expected to last, which makes the task of building a viable commercial vehicle division all the more urgent. Attracted by the healthy profit margins in the post-war U.S. truck business, Volvo began selling its European-designed vehicles on the east coast in the early 1970s, trying to take advantage of the post-energy-crisis fashion for diesel, but its original marketing plan, trying to graft its own trucks on to the Freightliner distribution network through a marketing tie-up, collapsed around its ears two years ago when Mercedes Benz stepped in and bought the U.S. company.

The loss of Freightliner from under its nose—and to its prime European competitor—must have been a bitter blow to Volvo but the Swedish group stepped back, swallowed its pride and came to the same conclusion about the U.S. market as both Mercedes and Renault Industrial Vehicles, which was in the process of buying control of Mack, a U.S. truck maker. To make a more lasting impact on American customers, it decided, it would have to manufacture locally. Thus, after spending 10 years on hammering away doggedly at the resistant U.S. market, Volvo splashed out another $70m in 1981 to pick up some of the assets of White Motor, a company that was in the hands of a receiver.

It is by no means clear, as yet, that this strategy will work any better than the last. The White acquisition coincided with the most depressed U.S. truck market for 20 years — sales of the Class 8 15-ton and over vehicles slumped to 73,000 units last year against well over 200,000 at the peak. Yet Ahlstrom insists that these highly unprofitable conditions were always allowed for in its plan. "This is something we were totally aware of as part of our investment when we went in," he says. "We did not expect an easy return; it was a way of buying market share."

What Volvo has acquired is a good plant (White went bankrupt because of over-investment at the wrong time), around 200 dealers, sales of about 5,000 units a year, and access to the U.S. manufacturing traditions of custom-built products. The Swedish company is no longer trying to blast its way into the U.S. market using European methods and its own special concept of high quality, high price, limited option trucks produced from a vertically integrated operation.

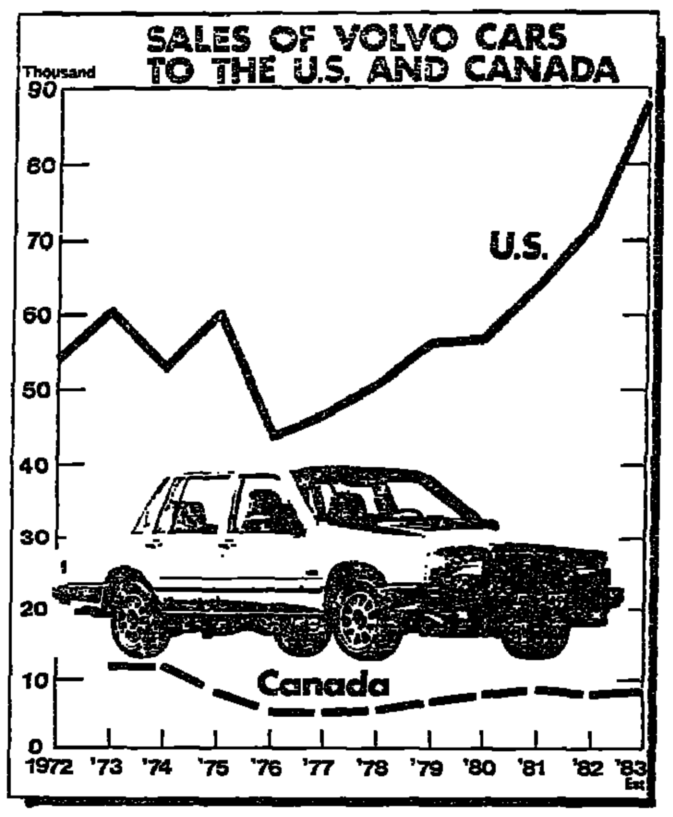
That notion of manufacturing, says Ahlstrom, still holds good, because integrated production means higher profits if properly handled; but the current tactics in the U.S. are to continue the White product line, based on a typical U.S. melange of bought-in parts, while gradually introducing more Volvo components into the assembly operation.

In the bus sector, its tactics have been much more closely determined by the authorities. The market is expected to grow because the Government has set aside $1bn a year to finance municipal transport. But the cities only receive the aid if they can prove 51 per cent local content in the vehicles. Hence Volvo's decision to turn part of its underemployed Chesapeake factory, originally bought for its abortive car assembly project, over to buses.

Engines and drive trains for these vehicles, but little else, come from Sweden — indeed, Volvo is launching into carriagework for the first time in its history. The first $10m order for 50 articulated vehicles has just been landed in Philadelphia, and Ahlstrom hopes that this will be the initial step towards output of around 300 units a year. At a total of 5,000 buses a year, the market is big enough, he believes, to aim ultimately at around 500 vehicles.

Compared with the truck sector, buses are a low risk business. A production line for 500 vehicles demands only limited investment in jigs and fittings. Thus the commercial vehicle expansion can be quite adequately covered from local funds for the time being, while providing a convenient tax loss shelter for the car division profits, as long as the business continues to generate cash at its present rate. Ahlstrom concedes that a fall in the dollar would put car margins under pressure again, but he also insists that the group is far leaner and fitter to face up to these problems than it was in the mid-1970s.

Meanwhile, he has not entirely given up thoughts of car manufacturing in the U.S. Volvo likes to have assembly works close to its market, and the U.S. would be the "logical" place for the next plant if the group ever needs additional capacity, he says. "Everyone is a bit nervous after the Volkswagen case. They sold 600,000 cars a year importing from Germany and now they are down to 200,000 a year. I don't know whether that is because they are producing here or not. But I intend to find out."



Incentive re-emerges as a reason for pay rises

Michael Dixon on current trends in rewarding performance

CHANGES ARE afoot in the salary policies of Britain's big companies. Now that inflation and tax on higher incomes have both been cut, employers are going back to the old idea that pay increases should be given as an incentive for personal performance.

The idea began to lose vogue in the 1960s when the country was seized with zeal for sophisticated managerial methods. The notion that the prospect of greater earnings made people work more effectively seemed primitive when compared with the complex motivational theories of well publicised management gurus, mostly American. An example was the psychologist Professor Fred Herzberg, who was interpreted as saying that "higher pay isn't what people work for."

From then on, the declining emphasis on pay rises as an incentive was much in line with that interpretation, even though Professor Herzberg was really saying no such thing (as he showed by doubling his consultancy fees). With inflation and consequent union pressure at lower levels, rises throughout organisations became regarded not as a spur to better work but as a usually inadequate compensation for mounting living costs.

Perks proliferated as companies strove to preserve the differentials of salaried staff in higher tax brackets, and various bonus schemes were tried. These complications sometimes created their own difficulties, not least because the share of the workforce defined as "salaried"—as distinct from receiving hourly wages or piece-rates—was growing towards its present 50-55 per cent.

Rises for individual merit were still awarded. But the extra money distributed in that form was small beside the sum dispensed in cost-of-living increases. The merit money rarely represented more than an annual 2-3 per cent, even when total paybills were leaping at rates of 15 per cent and more.

Today, although total increases are running at rates two-thirds lower, many companies are maintaining the merit money at 2-3 per cent. This "performance pot" is often increased with the money that has been saved by the departure of staff at the top of their salary range and their replacement by recruits at the bottom.

The outcome for individual employees varies from company to company. Helen Murlis of Incomes Data Services' top pay unit says most policies so far are of the kind exemplified by the Midland Bank which gave a cost-of-living increase of about 5 per cent to everyone and further payments of up to 5 per cent to those chosen for merit rises. But there have been exceptional cases where the most highly rated performers have received 17 per cent or so and those considered barely competent nothing at all.

"In some companies such as American-based computer businesses the merit system is being applied to everyone employed," Ms Murlis adds. "But for the most part it is restricted to managers and the equivalent.

Evaluation must be credible

"It begs a crucial question, of course, which few companies have answered successfully. If you're to give managers different rises in line with their personal merit, then you have to evaluate their performances in a way that's credible to all concerned. It's a very difficult task, but companies won't reap the full benefits of merit-pay systems unless they do it more effectively than it has mostly been done so far."

The same question brings us back to Professor Herzberg. For if the aim of merit rises is to get managers to give of their own volition the best performance of which they are capable, his motivational theory is highly relevant.

To interpret it as saying that it is impossible for money rewards to motivate people to give of their best is utterly mistaken. What it says is that while it is perfectly possible for pay to play its part in getting humans to want to work well, in practice pay systems usually fail to have that motivating effect. The reason lies in the way money rewards are given.

Instead of accentuating the positive wish to work, most pay systems merely eliminate the negative wish to avoid working. They operate in effect as mechanisms for bribing people to overcome their apathy and exert themselves to whatever extent they feel their rewards make worthwhile.

Such systems are epitomised by the kind favoured in the public sector which reward staff for growing a year older and for qualifications gained long ago. But the merely negative-eliminating effect can petrify even merit-pay procedures when they are seen by the people concerned as saying "if you improve your work over the coming year by this amount, we'll increase your salary by that amount." Once again the staff are liable to respond with only as much extra effort as they feel the proffered bribe is worth.

If by contrast the object is to make managers give of their best and keen to learn to perform still better in future, then Herzberg's theory suggests that their pay should be awarded not as a bribe, but as recognition of their achievement.

The top managements of companies wishing to have a truly motivating merit-pay system are therefore saddled with the perplexing problem of working out a generally acceptable definition of what counts as achievement. The best way of doing so will certainly vary with company culture, but in no case would it seem possible to do it without sounding the opinions of everybody affected.

Having reached the definition, top managements also need to ensure that the merit rises are awarded in line with it.

Nor do the problems stop there. As has been pointed out by Peter Brown of Reward Regional Surveys — whose salary studies have also detected the swing back to merit pay — the need to assess subordinates' performances can represent a great opportunity for managements to establish better communications all round. But since people are deeply sensitive about their work, the task of assessing it is akin to walking through a minefield which few managers have the natural ability to do.

Unless the people responsible for assessing are specially trained in the process, then the outcome is liable to be an explosion, and one that will certainly be no less damaging to the company's morale for occurring in the lower levels of the management structure.

TECHNOLOGY

EDITED BY ALAN CANE

ALL WEATHER ARTIFICIAL PITCHES CHALLENGE GRASS

Sporting triumphs based on sand

BY PETER MARSH

SINCE BIBLICAL times, construction experts have advised against building on foundations of sand. But the reverse of this dictum applies when it comes to designing durable new forms of sports pitches.

Increasingly, sand is featuring in the plans of sports experts who are installing new playing facilities. Where synthetic materials form the playing surface, a bed of sand may lay underneath. This gives the pitch greater resilience so that it more closely resembles natural turf.

Where sports planners do not want to abandon grass, they sometimes prescribe sand as the base on which to sow seed. According to trials over the past few years, special kinds of sand treated with suitable fertilisers can be a good growing medium for grass.

Pitches based on sand, which is porous, drain better than those constructed on soils that are predominantly clay or silt. As a result, sand pitches are less likely to become fields of mud in wet weather.

The construction of good surfaces on which to play sports such as cricket, soccer and hockey is a mixture of civil engineering and agriculture.

In the past few years, Britain has seen increased efforts to engineer better playing areas using both synthetic and natural materials.

Local authorities and other owners of sports pitches, have wanted to gain more use from their playing areas. For instance, they have shared facilities between different groups of people so that playing areas are in use almost continuously.

Artificial pitches suffer less than grass areas from wear and tear. In some sports, hockey and athletics for example, they have been accepted for several years.

In these sports, all that is required is a skid-free playing surface that is flat and dry. Factors such as the degree to which balls bounce or roll are relatively unimportant.

In other activities such as soccer, the resilience of the surface and the way it "feels" to the player may be crucial.

In cricket, also, the bounce of the ball can make an enormous difference to the outcome of a game.

Tom Finney of Preston North End demonstrates the "foot skid" at Stamford Bridge in 1956
New artificial surfaces could end this slide through the mud

These factors have spurred designers to improve on the characteristics of synthetic surfaces.

What are called the first generation of artificial pitches simply use a mat or carpet of a material such as polypropylene. This can be woven or tufted and the pile size and density can vary enormously.

This would be laid on a hard surface of asphalt or tarmac. Such playing areas are common, for example, in indoor sports stadia in the U.S.

The second generation of surfaces have sand sprinkled in the pile to reduce the firmness of the playing area. Queens Park Rangers, the London soccer club, installed such a surface in 1981.

The club is the only member of England's Football League to turn to an artificial playing area but others may follow suit, particularly after a Sports Council study on the optimum characteristics for synthetic pitches finishes in the summer.

Critics have complained about the high bounce of the ball on Queens Park Rangers's pitch. This, they say, makes matches resemble a football version of ping pong.

This is mainly because the club paid insufficient attention to installing the right kind of base for the pitch. Builders placed the material, a polypropylene carpet called Omniturf, on an extremely hard surface.

In the third and latest generation of synthetic pitches, construction experts dig several centimetres into the ground to form a hollow. This is filled with a relatively soft material such as sand. The "bed" deadens bounce and makes the top surface more like grass.

> Pitches based on sand, which is porous, drain better than those constructed on soils that are predominantly clay or silt.

Mr Peter Dury, the playing fields officer of Nottinghamshire County Council, has developed a special form of sand bed called the envelope system. The technique is patented in 28 countries and sold through a company called Club Surfaces in Marlow.

In Mr Drury's system, sand is packed into a thin bag made from polyester. This lies several centimetres beneath the ground directly under the synthetic surface.

The characteristics of the surface, says Mr Dury, depend on three factors: the grain size of the sand, the depth of sand and the type of polyester. "The envelope system is like a Meccano kit in that you can put it together depending on what you need."

The envelope system features in several hundred cricket pitches, most of them in Nottinghamshire. In the past year, Club Surfaces has also installed four soccer pitches and two bowling greens based on this principle.

Local authorities which plan synthetic pitches are turning increasingly to the third-generation system. In most cases, these playing areas are shared between footballers and people involved in other games such as tennis or hockey.

In the past year, according to the Sports Council, local councils have spent about £7m on artificial soccer pitches. The number has risen from 18 a year ago to 42. Councils in Birmingham, Manchester and Liverpool have been among the biggest spenders.

A full-sized artificial football pitch gives a total playing surface of 6,000 square metres and costs some £300,000. This is between four and 10 times as much as a pitch made from grass.

The investment may not always be worthwhile, cautions Dr Peter Hayes, director of the Sports Turf Research Institute in Bingley, Yorkshire. He says that where professional soccer clubs do not require their pitches to be played on continuously, a playing area of grass sown on sand may be more suitable. The bill for this will probably be half that for a synthetic pitch.

Chipman, a company in Horsham, Sussex, last year installed an all-sand grass pitch at the ground of Fulham, another Football League club in London. The company uses what is called the cell system in which the pitch is split into 16 areas each of which drains independently through a network of pipes.

The pitch requires a sand of particular grain size. It also needs probably more maintenance than ordinary playing areas. This is on account of the need for special fertiliser treatment and watering. But the playing area will wear a lot better than one built on ordinary soils, according to Chipman.

Artificial pitches for soccer are receiving special attention because so many professional clubs are discussing whether to follow the example of Queens Park Rangers. But they are hesitant over whether synthetic pitches will give the same playing characteristics as the real thing.

To help the clubs make up their minds, two research institutes are developing special tools to test the characteristics of both synthetic and grass soccer surfaces. The organisations are the Sports Turf Research Institute and the Rubber and Plastics Research Association near Telford.

The tools are mechanical contraptions that test factors such as bounce, "foot skid" and friction.

TEST SYSTEMS

Bosch enters the testing field

BASED ON wide experience in making test equipment for motor vehicle electrical and electronic systems, Robert Bosch GmbH has emerged as a contender for the electronic board/component test market in general with a system called PAD.

PAD stands for "programmable analogue and digital" and the test system costs between £25,000 and £50,000, depending on the level of expansion. This range is, claims Bosch, "considerably below the price of the larger test computers which are currently on the market."

The company takes the view that so far, digital or hybrid printed circuit boards and assemblies have been tested in large scale production using "very expensive" test computers which are economic for mass production only.

Ad hoc solutions have resulted for small and medium scale production testing says Bosch, which are either not cost effective or inflexible, or both.

PAD can be used throughout the entire production process, from insertion of the components down to the final testing of complete units.

This makes it possible to perform bonding, short and open circuit, component and complete functional tests at up to 512 tests points using the customary "bed of nails" to connect tester to board.

PAD will test either analogue or digital circuits, depending on the hardware and software modules deployed.

For the bond open and short circuit tests, the correct contact pattern is learned by PAD from a known good board and stored on floppy disc.

Similarly, from a good board the component test automatically determines if the components are in correct polarity and in the right place on the board. For the functional test, the board is stimulated appropriately and electrical measurements made at high speed.

PAD has a separate programming station with screen, keyboard and storage on which test routines can be developed and kept for future use.

The Bosch test equipment and technology division employs 680 people at Plochingen in Germany, where the main activity has been in terms of vehicle workshop test equipment, engine testers, exhaust gas analysers, vehicle lamp and wheel alignment analysers and vehicle component test systems. More from Robert Bosch GmbH, Central Information Department, Postfach 50, 7000 Stuttgart 1, Federal Republic of Germany.

COMMUNICATIONS

Low temperature cable from Japan

SUMITOMO Electric Industries of Japan claims to have developed the first commercial optical fibre cable capable of operating at temperatures as low as −200° Centigrade.

The company supplied the Osaka Gas Company with the new cables in November to establish an information network at its liquefied natural gas plant in Himeji, in western Japan.

Fibre optical cabling is an attractive option for information transmission in chemical plants and the like because of its high data capacity coupled with inherent safety — light travels down the cable rather than electric current.

The new cables could also be used in aircraft and satellites, Sumitomo claimed.

Conventional optical fibre cabling consists of bundles of glass fibre strands coated first with silicon plastics and then with a secondary layer of nylon plastics.

This is adequate for most purposes and conditions but at temperatures of −60° Centigrade and lower, the silicon plastics shrink and distort the optical fibre according to Sumitomo.

In its new cabling, each optical fibre is placed in the groove of an aluminium alloy spacer and a single coating of acrylic plastics is used to seal the cable. No secondary coating is necessary.

Video

Frozen frames

THOMPSON CSF has developed a video transmission system that will send single "frozen" frames of television over a telephone line on the switched public network or over a private circuit.

Called Televex, the equipment transforms the video information into an audio signal for transmission and performs the inverse operation at the receiver. The image is renewed every six, 12 or 24 seconds, at three corresponding levels of definition.

In view of the low bandwidth it becomes possible to record the frames on a simple tape recorder.

The company claims performances "higher than those of most competitors" and is offering the complete system at about £13,500. More from Paris on 561 9600.

Security

Access control

CHUBB ALARMS is offering a card-based access control system at a cost which it claims is half that of conventional hardware.

It uses cards that are encoded by burning thin lines into an opaque plastic substrate. More than 100m codes are available; if a card is lost, its number is removed from the system's memory bank and a new card issued with a different number.

The card reading unit can handle up to 300 coded cards. A central computer can control up to 10 entry points with readers linked together. This permits the use of 3,000 different cards. More on 09322 43851.